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REPORT ON THE TWENTY-SIXTH SESSION

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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-sixth session at United Nations Headquarters, New York, from 6 June to 16 July 1979.
2. The Budgetary and Finance Committee of the Council held meetings between 7 June and 10 July 1979, also at United Nations Headquarters, to consider administrative, budgetary and financial matters.
3. The Council Committee on Technical Co-operation among Developing Countries held five meetings at United Nations Headquarters between 4 and 28 June 1979.
4. The Intergovernmental Working Group on Support Costs, under the Chairmanship of Mr. Sarfraz Khan Malik (Pakistan), with Mr. Peter Osvald (Sweden) as Rapporteur, convened its fourth session at United Nations Headquarters and held meetings between 4 and 21 June 1979 to continue its examination of the question of overheads. (The Working Group held its third session in New York from 22 to 24 January 1979.)
5. The Governing Council also held four meetings in New York on 25 and 26 January 1979 to consider and approve country and intercountry programmes and projects. A record of those meetings appears in annex II to the present report.

I. ORGANIZATION OF THE SESSION

Attendance

6. 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 national 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

7. In accordance with paragraph 5 of the decision taken at its twenty-fourth session, 1/ the Council suspended the application of rule 11 of its rules of procedure and, at the opening of its twenty-sixth session, elected by acclamation the following officers: The Honourable Sir Vijay R. Singh (Fiji), President; Mr. Douglas P. Lindores (Canada), First Vice-President; Mr. Hassum Ceesay (Gambia), Second Vice-President; Mr. Miguel A. Albornoz (Ecuador), Third Vice-President; and Mr. Ales Strauss (Czechoslovakia), Rapporteur.

8. Mr. Lindores, First Vice-President, and Mr. Ceesay, Second Vice-President, were designated Chairmen of the Budgetary and Finance Committee and the Committee on Technical Co-operation among Developing Countries, respectively. Mr. Manniram Rambissoon (Trinidad and Tobago) and Ms. Dimity Jane Giles (Australia) were elected Rapporteurs of these Committees, respectively.

Agenda

9. At its 630th meeting, the Governing Council adopted the following agenda for its twenty-sixth session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda (DP/357, DP/358, DP/359, DP/360)
4. Annual report of the Administrator for 1978 (DP/375, DP/380, DP/380/ANNEX I and Corr.1, DP/380/ANNEX II, DP/418)
5. Assistance to colonial countries and peoples (DP/362 and Corr.1)
6. Role and activities of UNDP (DP/363 and Add.1-5, DP/408, DP/R.10, DP/R.11)
7. Mid-term review of the second UNDP programme cycle, 1977-1981, and preparation for the third cycle, 1982-1986 (DP/377 (Part I), DP/377 (Part II), DP/390, DP/401)

1/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3 A (E/6013/Rev.1), para. 549.

8. Information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system (DP/381)
9. Assistance to drought-stricken countries in Africa and adjacent areas and follow-up on the desertification conference
 - (a) United Nations Sudano-Sahelian Office (DP/394, DP/395 and Add.1)
 - (i) Implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region
 - (ii) Implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region
 - (b) Assistance to drought-stricken countries in Africa and adjacent areas (DP/400)
10. United Nations Volunteers (DP/376)
11. United Nations Capital Development Fund (DP/361, DP/361/(ANNEX I), DP/361/(ANNEX II), DP/386)
12. United Nations Revolving Fund for Natural Resources Exploration (DP/368, GHA/NR/78/001, DP/407, LIR/NR/78/001, DP/314/Rev.1)
13. United Nations Special Fund for Land-Locked Developing Countries (DP/387)
14. Technical co-operation among developing countries (DP/373, DP/393)
15. Implementation of General Assembly resolution 33/135 on the role of qualified national personnel in the social and economic development of developing countries (DP/409)
16. Action taken in 1978 by organs of the United Nations and organizations in the United Nations system (DP/384 and Add.1)
17. Country and intercountry programming and projects (DP/PROJECTS/INF.3)
 - (a) Relevant trends and problems in the country programme (DP/403, DP/403/ANNEX)
 - (b) Country and intercountry programmes and projects (DP/415, DP/GC/BAR/R.2, DP/GC/BAR/R.2/RECOMMENDATION, DP/GC/BEN/R.2, DP/GC/BEN/R.2/RECOMMENDATION, DP/GC/BHU/R.2, DP/GC/BHU/R.2/RECOMMENDATION, DP/GC/BUR/R.3, DP/GC/BUR/R.3/RECOMMENDATION, DP/GC/CAR/R.2, DP/GC/CAR/R.2/RECOMMENDATION, DP/GC/GHA/R.2, DP/GC/GHA/R.2/RECOMMENDATION, DP/GC/GUI/R.2, DP/GC/GUI/R.2/RECOMMENDATION, DP/GC/IND/R.2, DP/GC/IND/R.2/RECOMMENDATION, DP/GC/KUW/R.2, DP/GC/KUW/R.2/RECOMMENDATION, DP/GC/LIR/R.2, DP/GC/LIR/R.2/RECOMMENDATION, DP/GC/MOR/R.2, DP/GC/MOR/R.2/RECOMMENDATION, DP/GC/MOZ/R.2, DP/GC/MOZ/R.2/RECOMMENDATION, DP/GC/PAP/R.2,

DP/GC/PAP/R.2/RECOMMENDATION, DP/GC/STP/R.1,
DP/GC/STP/R.1/RECOMMENDATION, DP/GC/SAU/R.2,
DP/GC/SAU/R.2/RECOMMENDATION, DP/GC/SUR/R.2,
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DP/GC/TRI/R.2/RECOMMENDATION, DP/GC/YEM/R.2,
DP/GC/YEM/R.2/RECOMMENDATION, DP/PROJECTS/R.12/Add.1,
DP/PROJECTS/R.12/Add.2, DP/PROJECTS/R.12/Add.3,
DP/PROJECTS/R.12/Add.4, DP/PROJECTS/R.12/Add.5,
DP/PROJECTS/R.12/Add.6)

- (c) Decade for Transport and Communications in Africa (DP/369)
 - (d) Disaster preparedness and prevention (DP/372)
 - (e) Implementation of General Assembly resolution 33/147 on assistance to the Palestinian people (DP/410)
18. Consideration of: (a) operational and policy matters regarding the implementation of country, intercountry and global programmes and projects (DP/402). (b) related procedures of the Governing Council for dealing with programme matters (DP/411)
19. Budgetary, administrative and financial matters
- (a) Review of the 1978 financial situation and related matters (DP/399)
 - (b) Cost sharing arrangements (DP/397)
 - (c) Budget estimates for the biennium 1980-1981 (DP/396 and Add.1 and 2, DP/412)
 - (d) Feasibility of distinguishing between administrative and programme support costs (DP/382)
 - (e) Recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/389, DP/392)
 - (f) Custodianship of UNDP funds (DP/364, DP/416)
 - (g) Interagency Procurement Services Unit (DP/385)
 - (h) Sectoral support (DP/374 and Add.1 and Corr.1)
 - (i) Agency support costs (DP/371, DP/391, DP/379, DP/WGOC/27, DP/WGOC/28 and Corr.1 and Add.1-3, DP/WGOC/29)
 - (j) UNDP financial regulations and rules (DP/388 and Add.1 and 2, ST/SGB/Financial Rules/1/Rev.2 (1978))
 - (k) Audit reports (DP/404)
 - (l) Development of the Financial and Programme Information Network (DP/378)

- (m) Other matters: Loans to Governments for accommodation of field personnel (DP/383); Supplementary budget estimates for 1979 (DP/417, DP/422)
- 20. United Nations Fund for Population Activities
 - (a) Report of the Executive Director on 1978 activities (DP/370, DP/370/ANNEX)
 - (b) Support of intercountry activities (DP/406)
 - (c) Projects and country agreements (DP/FPA/10 and Add.1-26)
 - (d) UNFPA budget estimates for 1980-1981 (DP/398, DP/413)
 - (e) Approval authority (DP/366)
 - (f) Audit reports (DP/365)
 - (g) Report on long-term staffing proposals (DP/405)
 - (h) Infrastructure support (DP/367)
- 21. United Nations technical co-operation activities (DP/RP/20)
- 22. Other matters: (a) Control and limitation of documentation;
(b) Guidelines concerning the relationship between UNDP and external institutions (DP/414)
- 23. Date and provisional agenda for the twenty-seventh session of the Governing Council
- 24. Draft report of the Governing Council to the second regular session, 1979, of the Economic and Social Council

Summary records of meetings

10. The summary records of the meetings of the twenty-sixth session of the Governing Council were issued as documents DP/SR.630-667.

II. ANNUAL REPORT OF THE ADMINISTRATOR FOR 1978 AND ASSISTANCE
TO AFRICAN COUNTRIES IN RESPONSE TO GENERAL ASSEMBLY
RESOLUTIONS 33/123 TO 33/132

11. For its consideration of item 4 of the agenda, the Governing Council had before it the following documentation:

- (a) Annual report of the Administrator for 1978 (DP/380):
- (b) Statistical annex (DP/380/ANNEX I and Corr.1):
- (c) Subcontracts awarded and major equipment ordered (DP/380/ANNEX II):
- (d) Implementation by UNDP of General Assembly and Security Council resolutions concerning assistance to Botswana, Cape Verde, the Comoros, Djibouti, Guinea-Bissau, Lesotho, Mozambique, Sao Tome and Principe, Seychelles and Zambia (DP/375).

Annual report for 1978

12. A number of members commented favourably on the report of the Administrator for 1978, citing in particular the foreword by the Administrator and part III of the report which contained a tripartite discussion of four key issues facing the Programme's future. These sections were variously commended as an appropriate contribution by UNDP to efforts in progress to devise a new international development strategy for the 1980s, and as a rich source of ideas and suggestions for improving UNDP's operational effectiveness. As one member stated, the analysis of the tripartite system was welcome, as were the efforts made to communicate the process by which UNDP policy and programming were developed, and the Administrator was to be commended for the thoughtful way in which he encouraged a candid expression of views from governmental, agency and field office participants. It was a great strength of the report that the Programme's problems were given attention, the member observed, as well as its achievements. Another member wondered, however, what the basis had been for selecting participants in the tripartite discussion, since his Government was not aware of it.

13. The report's summary of Programme activities in 1978 was widely cited for its positive and encouraging reflection of UNDP's state of well-being. Various members noted the record level of expenditures, project approvals and voluntary contributions pledged for the year, and several expressed satisfaction that the Programme's earlier financial difficulties had clearly been dispelled. One member cautioned, however, that the mid-term phase of the programming cycle was traditionally a time of conjectural tranquility, and that many of the perennial problems surrounding UNDP were far from resolved. Members also noted the Programme's efforts to assist least-developed countries under the Special Measures Fund for that purpose, as well as that part of the report setting forth UNDP's efforts to date to implement New Dimensions. A number of members expressed concern that more needed to be done in both areas.

14. In his response to the various observations made by members on this item, the Administrator expressed appreciation for the many positive statements concerning the annual report for 1978 and agreed that its problem-solving orientation, with the presentation of different viewpoints, was an appropriate one. UNDP's problems, he said, must be even more the concern of the Council than its achievements, which members had indicated were considerable during the year under review.

Checklist of standardized procedures

15. In both his annual report and his opening statement to the Council, the Administrator suggested that UNDP might be able to perform a service to the development community by sponsoring joint meetings between the officials of donor organizations and recipient countries in order to devise checklists of uniform or standardized assistance procedures. Such checklists might then help to lighten the burden of development administration for the countries concerned. The Administrator welcomed comments from members in this regard.

16. During the debate five members broadly expressed their support for this idea, and in response the Administrator expressed appreciation for their remarks and said UNDP would take the opportunity to consult with interested Governments in pursuit of this proposal.

UNDP's contribution to the United Nations Conference on Science and Technology for Development

17. In the course of the general debate, a number of members commented on UNDP's proposed substantive contribution to the United Nations Conference on Science and Technology for Development, which had been circulated to delegations. Several members stressed the importance of this Conference and many spoke positively of the excellent quality of the paper prepared by UNDP.

18. In his response, the Administrator again thanked the members for their support on this issue and expressed the hope that other members would also endorse the Programme's approach to the Conference.

Application of New Dimensions in technical co-operation

19. In a large number of suggestions for improving the performance of UNDP, emphasis was placed on the promotion of self-reliant development and the need for active promotion of New Dimensions in technical co-operation, in particular the wider application of government execution of projects. The Administrator assured the Council that the operational activities of UNDP reflected considerable awareness and application of the New Dimensions decision adopted by the Council at its twentieth session ^{2/}. UNDP was making every effort to ensure that field offices, Governments and agencies approached technical co-operation activities fully within the spirit of New Dimensions. One member suggested that the

^{2/} Ibid., Fifty-ninth Session, Supplement No.2A (E/5703/Rev.1), para. 54.

collective information from countries bearing on new experience in the application of New Dimensions should be regularly circulated to resident representatives to help the dissemination of such practices. In reply to this suggestion, the Administrator gave assurance that UNDP would follow up the recommendation to the extent that it was practicably feasible.

20. Another member suggested a number of questions that might help define the future course of UNDP in support of the international development strategy for the 1980s and the third country programming cycle. The Administrator acknowledged that the preoccupations expressed by that member in many ways reflected his own, in particular those regarding the promotion of self-reliant development through greater use of the resources of developing countries themselves: government management of projects, further concentration of decision making at the operational level and improved substantive monitoring.

21. One member, however, cited three arguments against government execution: recipients did not have the capability to execute projects; the Administrator would not be able to exercise fully his accountability to the Council; and government execution might lead to the specialized agencies of the United Nations system being ignored. He added that he did not believe these difficulties would need to occur. The Administrator agreed and stated that while Governments were not always fully equipped to assume responsibility for the mobilization and use of UNDP-financed inputs, any shortcomings in a project could be met by incorporating inputs from the United Nations system. Government execution did not preclude Governments from making extensive use of facilities and capacities available within the United Nations system to strengthen their own capability. He had no cause to believe that Governments would fail to perform the execution function in close co-operation with UNDP or that they would not provide the information needed for him to discharge his responsibility to the Council. Guidelines on government execution had been issued in January 1979 and resident representatives had been instructed to ensure that the responsible government officials were fully informed about the options of government execution.

Improving operational effectiveness

22. Members emphasized the need to continue efforts to improve the quality of the programme, in particular through improved project design. One member suggested that UNDP should make greater use of the methods of project appraisal developed by some donors to achieve improvement in this area.

23. A number of members raised the issue of co-ordination of operational development activities within the United Nations system. The Administrator noted that in accordance with General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system, the designation of the resident representatives as resident co-ordinators as would normally be the case, would undoubtedly strengthen the role of resident representatives, particularly with regard to operational activities of the system as a whole.

Administrative and programme support costs

24. Various members raised the issue of administrative and programme support costs attributable to both UNDP and the executing agencies, and several stressed

that these costs were too high. One member said that almost a third of the Programme's resources were allotted to such costs and that this compared unfavourably with other forms of assistance. Several members emphasized the importance of supplying the maximum in Programme funds to field delivery, which was the key to assisting developing countries in their technical co-operation needs. Others noted with satisfaction, however, that UNDP's own administrative and programme support costs had increased by only 7 per cent during 1978, below the prevailing rate of inflation. Such costs should nonetheless be further reduced. Several members expressed particular concern over the rise in agency support costs during the year -- up by 27 per cent. This was especially to be regretted, they indicated.

25. The Administrator, after citing the many efforts made by UNDP to reduce such costs, went on to note that the Intergovernmental Working Group on Support Costs was considering a proposal to maintain the 14 per cent ratio for agency support costs through the end of the current cycle. Under this system, such agency costs could be expected to rise pari passu with project expenditures. At the same time, some perspective on total overhead costs was in order. Total UNDP and agency administrative and programme support costs in 1978 were less than 22 per cent of all expenditures. While more could undoubtedly be done to reduce this figure, it should be recognized that it compared favourably with many similar multilateral and even bilateral assistance programmes. Further, there were limits to the extent to which such costs could be reduced without impairing the quality of the programme. It should also be recalled that UNDP field offices also lent considerable support to United Nations system and some bilateral field activities beyond those of UNDP. The value of such services should also be recognized.

Geographic distribution of project inputs

26. As in past sessions, various members cited the importance of a more balanced geographical distribution of such project inputs as experts, equipment, subcontracts and fellowships, particularly in the light of New Dimensions and TCDC precepts. These latter, members stressed, called for increased procurement in developing countries as a means of furthering national and collective self-reliance. Some members noted that too small a share of such inputs was derived from the socialist countries, which had much to offer by way of expertise and training. One member said that while his country ranked among the top in terms of contributions to the Programme, his country's firms and organizations were receiving far too little in terms of subcontract and other awards. His country would have to reconsider its substantial financial support for the Programme if such a trend continued.

27. In his response to this issue, the Administrator drew the Council's attention to the fact that UNDP's record of procurement in terms of experts, equipment and fellowships in 1978 all showed gains for the developing countries, in line with a long-term trend in this matter. While subcontracts awarded to firms and institutions in developing countries had declined compared to the previous year, that component also showed signs of improving in the long term.

Assistance to African countries

28. With regard to General Assembly and Security Council resolutions concerning assistance to Botswana, Cape Verde, the Comoros, Djibouti, Guinea-Bissau, Lesotho, Mozambique, Sao Tome and Principe, Seychelles and Zambia, as included under item 4, various members expressed support and approval of UNDP's efforts in the implementation of the resolutions. Several, stressing the importance of the special needs of these countries, urged UNDP to press forward more urgently in its activities in this respect.

Decision of the Governing Council

29. At its 660th meeting, on 27 June 1979, the Governing Council adopted decision 79/9, the text of which appears in section A of chapter XXI of this report.

III. ROLE AND ACTIVITIES OF UNDP

30. For consideration of agenda item 6, the Council had before it an overview report of the Administrator on the role and activities of UNDP (DP/363 and Add.1-5), the addendae in the form of self-contained discussion papers responding to the Council's directives on separate but related activities. The Administrator proposed that in future, subject to the agreement of the Council, he would report on major policy matters affecting UNDP's over-all role and functions in his statements to the Council. Debate would then be invited in connexion with the individual agenda items concerned.

Country programming

31. In document DP/363/Add.1 the Administrator informed the Governing Council of an examination of country programming experience being undertaken by UNDP with the co-operation of organizations of the United Nations, the active participation of the Inter-Agency Task Force, and in close consultation with Governments. The study would identify viable measures for improving the country programming process as a basis for enhancing its quality and implementing more effectively future UNDP technical co-operation activities. The examination was expected to contribute also to consideration by the Administrative Committee on Co-ordination of the utilization of the country programming process as a frame of reference for operational activities of agencies financed from their own resources.

32. Members of the Council expressed their support and endorsement of the examination of country programming experience. One member pointed out that, in addition to the thematic studies being carried out by UNDP and agencies, an evaluation of the services they rendered would be equally important. Members and observers requested, inter alia, that the study particularly examine: the application of New Dimensions in country programming; the implications of government execution for the role of agencies in programming and programme implementation; and the possible decline of the planning process in many developing countries, and its effect, if any, on future country programming. One member, speaking on behalf of several delegations, urged that the study be analytical and not descriptive. Another member recommended that Sri Lanka be included among the countries being studied in depth by UNDP in view of a similar study being undertaken there by the Joint Inspection Unit (JIU).

33. In response, the Administrator expressed his gratitude for the support and endorsement of the examination of country programming. He indicated that the application of New Dimensions in country programming would be carefully reviewed, including government execution and any implications for the role of agencies, as well as the effect on country programming of a possible decline in the planning process. UNDP was co-ordinating the examination of country programming with the study carried out by JIU in Sri Lanka. Finally, the Administrator expressed confidence that the study would give insight into the effectiveness of the country programming process and would further improve the capacity of the system in responding to countries' technical co-operation requirements.

Evaluation

34. The Administrator submitted document DP/363/Add.2 on the UNDP/Agency Evaluation Programme in response to Governing Council decision 25/8. The document briefly defined the purpose and scope of the evaluation programme, described and defined its main characteristics, summarized the progress achieved during 1978, and elaborated new studies proposed for 1979-1980. Together with the report of the Administrator documents were submitted on the Joint UNIDO/UNDP Evaluation of Industrial Research and Service Institutes (DP/R.10) and on the Joint UNDP/UNESCO Evaluation of Educational Innovation and Reform Projects (DP/R.11).

35. Many members commented favourably on the evaluation programme as a valuable means of ensuring the quality of UNDP technical co-operation and improving its relevance to the needs of developing countries. Members noted with satisfaction that Governments were participating in these studies jointly with UNDP and that UNDP and the agencies were attaching particular importance to the effective feedback of the results of evaluation into programming and project identification and design. It was emphasized that evaluation must be done with this purpose in mind rather than for its own sake. One member urged the Administrator to examine the staffing and financial implications of improved feedback mechanisms. Another member asked about the criteria used in selecting subjects for evaluation, pointing out that these should be of maximum concern and relevance to the Governments of the recipient developing countries and suggesting that these Governments should be consulted in selecting topics for future evaluation studies. He asked further that the Study on Educational Innovation and Reform take account of the important reforms taking place in Islamic countries. Several members particularly welcomed the proposed Study on Non-Conventional and Renewable Sources of Energy. Others suggested that JIU and UNDP should work closely together on evaluation. Members welcomed the emphasis UNDP was giving to promoting the role of women in development and looked forward to the results of the study on this subject. One member stressed the need for evaluation at the individual project level, while another cautioned against the danger of evaluation studies which were too general and which could divert resources away from operational activities.

36. In his reply the Administrator agreed on the importance of ensuring that the results of evaluation studies should have an impact on the future of the programme. He assured members that the studies contained recommendations which were sufficiently specific to improve the quality of the programmes in the short run. He would study further the staff and financial implications of this process, but he stressed that the evaluation studies were a joint enterprise with the agencies concerned, and most of the staff time and technical inputs were provided by them.

37. Areas for evaluation had been selected in consultation with the agencies, taking account of the views of Governments as expressed in international forums, particularly those views on furthering the aims of the new international economic order, transferring and adapting technology and alleviating poverty. While Governments had not been consulted directly, the draft programme had been sent to resident representatives for their own comments and those of the Governments in the countries of their assignments. In future, the views of Governments of developing and developed countries would be sought more directly.

38. The Administrator noted the useful role of JIU in evaluation, both through the evaluation activities it carried out as well as through harmonizing the

activities of the system. He cited the JIU recommendation 3/ that each agency strengthen its evaluation efforts and report on them to its governing body, and mentioned UNDP's close collaboration with JIU.

39. Turning to evaluation of individual projects, the Administrator stressed its importance as an on-going activity and mentioned that consultations were underway with the ILO and UNIDO to strengthen and systematize this process. Since the financial implications could be considerable in stepping up this type of evaluation, these would also be examined.

40. In response to queries on how the evaluation studies and subsequent programme notes should be taken up by the Council, the Administrator proposed that they be published by UNDP as working documents as soon as they were ready for distribution to all concerned. Summaries of the reports, including their main findings and recommendations would be submitted at each session of the Council.

Investment follow-up

41. In his report on investment follow-up (DP/363/Add.3), the Administrator reviewed actions taken to respond to Governing Council decision 25/6. Headquarters capacity had been strengthened by the establishment of the Investment Development Office. A decision by the Council was required on an experimental arrangement with the FAO Investment Centre to provide consultant services to stimulate investment in selected UNDP/FAO projects. Although the cost had been financed initially from the 1979 budget of the Bureau for Programme Policy and Evaluation, the Council was asked to authorize the use of savings from the 1979 administrative budget to cover any costs which could not be recovered from project budgets. If successful, the arrangement could be extended to other selected executing agencies. The Administrator reported further on co-ordination efforts with national, regional and international sources of finance, and on a study being undertaken which would both analyse factors influencing the success in attracting investment follow-up for projects and make recommendations for making such projects more bankable.

42. The Council welcomed the establishment of the Investment Development Office and expressed appreciation that this was accomplished without extra cost. There was general support for the initiative with the FAO Investment Centre, but it was pointed out that the cost of the arrangement should be charged to project budgets and not recovered from savings in the administrative budget. Several members emphasized that the proposed investment study should prove useful in promoting investment in UNDP-assisted projects and should be co-ordinated with the examination of the country programming experience. Information on the investment content of country programmes was requested.

43. Several members emphasized that projects should be properly designed and potential investors brought into the picture at an early stage with the full knowledge and in close consultation with Governments. This would require strengthened co-operation between UNDP and national, regional and multilateral financial institutions as well as bilateral sources of funds. The need for

3/ Initial guidelines for evaluation systems of the United Nations organizations (JIU/REP/79/2).

obtaining improved information on capital mobilized through UNDP assistance was stressed and the Administrator was asked to clarify the criteria used in compiling statistical data on investment generated and included in his annual report. One member, speaking on behalf of several delegations, urged that the main emphasis of follow-up investment action should be to assist the least-developed countries, which normally experience great difficulty in attracting investments: within such countries UNDP should concentrate on projects which benefited the poorest strata of the population. The same member asked about the progress made under the concept of umbrella projects.

44. The Administrator agreed that UNDP-assisted projects should be properly designed and potential investors associated at an early stage after consultation with the Governments. The relationship with the World Bank, regional development banks and other national and international sources of finance should be further strengthened. He gave his assurance that everything possible would be done to assist the LDCs in mobilizing capital for investment-oriented projects and to keep the Council informed of the association of financial institutions with such projects, adding that the umbrella project concept was being encouraged in appropriate cases.

45. He expressed appreciation for the Council's endorsement of the investment development study, which would be co-ordinated with a related study of the CCSQ (OPS) on linkages between technical co-operation/pre-investment activities and investments. The investment development study would, inter alia, include projects from LDCs and examine the pre-investment content in country programming. The results of the study would be presented to the Council at its twenty-seventh session.

46. He also welcomed the endorsement by many members of the UNDP/FAO arrangement, adding that the cost would be charged to project budgets. In response to the comments made by an observer, he stated that the experiment was launched with a view to ensuring that projects related to agriculture would generate the type of investment information required for possible follow-up to projects by such international financial institutions as the World Bank, regional development banks and IFAD. The results of the experiment had thus far been gratifying and progress was being made with two UNDP-assisted projects. The recipient Governments had given their agreement to proceed with the implementation of those projects and special interest in them had been expressed by IFAD and the World Bank. The joint review between UNDP and the FAO Investment Centre showed promising potential for identifying additional agricultural projects which could attract financing. In the Administrator's view, the UNDP experiment would complement and strengthen the co-operative efforts and investment activities between developing countries by the flow of capital and technical know-how between developing countries.

Intercountry programming

47. A report of the Administrator on intercountry programming (DP/363/Add.4) provided information on measures being taken to improve the intercountry programming process, including implementation. It summarized developments on giving regional commissions the status of executing agencies for certain categories of projects, in line with General Assembly resolutions 32/197 and 33/202. The report further noted the outcome of discussions which had taken place between the executive secretaries of the regional commissions and the Assistant Administrators

and Directors of the four regional bureaux of UNDP earlier this year at Rabat. The Administrator proposed to the Council the preparation by UNDP of a policy report on intercountry programming containing suggestions how such programmes could best respond to the decisions taken at the sixth and seventh special sessions of the General Assembly on the establishment of the new international economic order.

48. Several members emphasized that Governments should be more closely involved in the programming of regional development resources. One member stressed that UNDP should take due account of the priorities of the recipient Governments and those identified in intergovernmental bodies so that the Council could effectively discharge its responsibility for the use of UNDP resources. The use of national institutions, some of which received UNDP assistance, to train nationals from other developing countries was viewed as a useful practice and several members indicated the readiness of their Governments to make such assistance available. It was noted that the report on intercountry programming was not sufficiently analytical.

49. The Administrator welcomed the Council's guidance on the future orientation of intercountry programming which was becoming increasingly important. He agreed on the importance of using national institutions in developing countries, noting that it was an effective way of implementing TCDC. Financing was done through the Indicative Planning Figures of the regions of countries benefiting and, wherever possible, accumulated national currencies would be used. Since there was little support at this time for the preparation of a policy paper on how intercountry programming should best respond to the establishment of the new international economic order, he would review this matter further.

50. In response to the suggestion by one member that recipient countries should be more closely consulted in the use of regional development funds, the Administrator agreed, citing two recent examples of direct consultations: a UNDP/ESCAP mission to countries of the South Pacific in late 1978, and a similar mission during the previous month to the least developed countries of the Asia and Pacific region. Following direct consultation during the UNDP/ESCAP mission, Senior Planning Officers representing the user Governments of the countries and territories concerned had met and finalized a \$12 million subregional programme for the South Pacific. The usefulness of the direct consultation, which took account of all areas of development assistance, had been underscored by a representative of one of the participating Governments.

51. The Administrator pointed out that, in addition to identifying the specific priorities of the user Governments, intercountry programmes also sought to take into account the priorities defined collectively in intergovernmental bodies, in particular at the global level by the governing bodies of the organizations in the United Nations system and at the regional level by the regional commissions and regional conferences. UNDP sought to ensure both the widest possible consultation from recipient Governments and the inclusion of expressed intergovernmental priorities in formulating intercountry programmes in accordance with the Council's responsibility for the use of UNDP resources.

New international economic order

52. The Council had before it a report of the Administrator on UNDP and the new international economic order (DP/363/Add.5) which examined the role of technical co-operation in assisting the establishment of the new international economic order and summarized UNDP activities which would contribute to this objective. It had been prepared to assist the Council in responding to General Assembly resolution 33/198 which called for organizations in the United Nations system to assess, within their areas of competence, progress towards the establishment of the new international economic order.

53. Several members expressed disappointment at the slow progress being made in the establishment of the new international economic order. There was general agreement that UNDP could make only a limited direct contribution to the restructuring of the world economy that was called for. On the other hand, members pointed to the considerable further scope for such technical co-operation activities as those described in document DP/363/Add.5, which were directed towards the promotion of the operational mechanisms and institutional arrangements necessary to translate the new international economic order into a practical reality. They said that the basic principles for establishing the new international economic order should be applied in all aspects and fields of UNDP activities. A number of members emphasized, however, that Governments were responsible for deciding the nature of the activities to be undertaken in this area, as in all others. It was recognized that many of the activities to promote the establishment of the new international economic order were of an intercountry nature, and particular reference was made to TCDC and ECDC in this context. A number of members agreed that intercountry Indicative Planning Figures might be increased in order to finance more projects oriented towards establishing the new international economic order, but one member expressed the view that resources should be allocated to national Indicative Planning Figures rather than intercountry activities.

54. A number of delegations pointed out that one of the most important conditions of successful co-operation among all countries was an improvement in the international political situation with its concomitant reduction of armaments. They also emphasized that implementation of practical steps towards disarmament in both developed and developing countries would release additional resources for development.

55. One member pointed out that a large number of developing countries had united to oppose hegemony and to push forward the struggle for a restructuring of international economic relations. The hegemony had raised all kinds of obstacles in an attempt to obstruct the establishment of the new international economic order by using a variety of tactics and by mixing the spurious with the genuine. He emphasized that it was necessary to maintain high vigilance.

56. In response to the suggestion of one member that UNDP should base its activities on a long-term plan ultimately covering the period until the year 2000, the Administrator recognized the advantages both for programme planning and for mobilizing financial resources. He pointed out that on previous occasions UNDP had suggested that studies be undertaken on technical co-operation needs at the country level, if the Government concerned so desired. As for a global projection of technical co-operation requirements to the year 1990 or 2000, this would clearly be a very complex task, but UNDP would be prepared to examine its feasibility if the Council so required.

57. Since the report on UNDP and the new international economic order (DP/363/Add.5) had been endorsed by the Council for submission to the General Assembly, the Administrator would submit the report to the Assembly at its thirty-fourth session on behalf of the Council. A more comprehensive report on this subject would then be prepared, taking into account any comments made at the thirty-fourth session, for submission at the special session of the General Assembly in 1980. This latter report would be submitted to the Council at its twenty-seventh session.

Decisions of the Governing Council

58. At its 658th, 660th and 664th meetings on 26 and 27 June and 2 July 1979, the Governing Council adopted decisions 79/16, 79/10 and 79/30, respectively the texts of which appear in section B of chapter XXI of this report.

IV. CONSIDERATION OF: (A) OPERATIONAL AND POLICY MATTERS REGARDING THE IMPLEMENTATION OF COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES AND PROJECTS; (B) RELATED PROCEDURES OF THE GOVERNING COUNCIL FOR DEALING WITH PROGRAMME MATTERS

A. OPERATIONAL AND POLICY MATTERS

59. For consideration of agenda item 18 (a) the Governing Council had before it a note by the Administrator on operational and policy matters regarding the implementation of country, intercountry and global programmes and projects (DP/402). Information on this subject was also provided to the Council in the foreword and part III, section D, of the Administrator's annual report (DP/380) for 1978.

60. The Administrator's note (DP/402) had been prepared in response to decision 25/16 of the Governing Council which called upon the Administrator and the executing agencies "to take the necessary steps to ensure better forward planning and to accelerate delivery in 1978 and subsequent years, consistent with the resources realized by the Programme for the second cycle and with the goal of ensuring the maximum possible delivery of second cycle IFPs for all countries". The note discussed the effect on project implementation of quality of project design, fulfilment of necessary prior conditions, appointment of project personnel, training of national personnel, and supply of equipment. The importance of providing for appropriate follow-up action was emphasized. Measures in effect to overcome constraints to implementation were reviewed and proposals to further improve efficiency were suggested in the note.

61. Many members, referring to document DP/402 and to the discussion of implementation problems contained in the Administrator's annual report for 1978, commended the frankness of the information provided. Considerable importance was attached to continued vigorous efforts on the part of recipient Governments, the agencies and UNDP to solve the problems described. The Administrator's actions and proposals to overcome them were generally supported. Among the suggestions of members for improving implementation were: increased delegation of authority to resident representatives to finalize project documents; liberal provision for over-programming; umbrella projects for training and for pre-investment studies in designated fields; simplified documentation requirements; improved project design and appraisal; greater use of project execution by Governments and national institutions; increased use of experts from developing countries; increased local procurement of equipment and contract services; and continued promotion of TCDC. One member underscored the importance of sound project design and pointed out that the methodology for project appraisal developed by some other multilateral and bilateral donors could be useful for improvement in this regard. Many members emphasized that UNDP-financed assistance, while limited in size, should always be characterized by the highest quality. Monitoring and reporting of project implementation should be improved in order to identify and remove causes of delay and to ensure that high standards are maintained.

62. Members of the Council expressed the view that both recipient Governments and agencies should continue their efforts to improve recruitment procedures and accelerate recruitment of experts and to identify and train personnel which carry on activities initiated with UNDP assistance. One member supported the

Administrator's proposal to convene a meeting among representatives of developed and developing countries in order to establish more uniform procedures for project identification and approval.

63. In response to the discussion the Administrator welcomed the interest shown by delegations in the problems which UNDP, the agencies and developing countries faced in ensuring effective and timely project implementation and in maintaining the Programme's high standards of quality. He assured the Council that, in collaboration with UNDP's partners, this subject would continue to receive constant attention. The increased approval authority of resident representatives granted by the Council to finalize project documents within the stipulated financial limit had considerably enhanced their flexibility to manage the programme. He emphasized the importance for more effective project implementation of early clearance of experts and timely provision of local inputs by Governments.

B. RELATED PROCEDURES OF THE GOVERNING COUNCIL FOR DEALING WITH PROGRAMME MATTERS

64. Under item 18 (b) of its agenda, the Council had before it a note by the Administrator (DP/411) regarding the organization of its work with respect to the consideration of programme matters, including suggestions for streamlining the agenda of the Council and related documentation, as well as for the allocation of a specific period of time during each session for the consideration of questions relating to programme implementation.

Summary of the discussion

65. The Council endorsed the Administrator's proposal to streamline and consolidate the agenda in order to give more systematic consideration to programme matters. It was agreed that there should be two agenda groupings in this connexion: one on programme implementation, which would involve a general examination of the problems and issues of implementation and would group together all the items on this subject currently dispersed throughout the agenda; and a second item on programme planning, which would include a detailed consideration of the programmes and projects presented to the Council for approval as well as the various aspects of the programme process, whether on a country or intercountry basis. Implementation should be examined first and then programme planning, including the programmes and projects submitted for approval. It was suggested that programme evaluation and monitoring should be incorporated into one of these items.

66. Because of the importance of these items, the Council shared the Administrator's view that more time should be set aside for their consideration early in the session.

Response of the Administrator

67. The Administrator, in welcoming the general support of the Council for the streamlining of its agenda, indicated that this was essential if significant progress was to be made in reducing documentation.

Decision of the Governing Council

68. At its 659th meeting, on 26 June 1979, the Governing Council adopted decision 79/8, the text of which appears in section C of chapter XXI of this report.

V. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

A. RELEVANT TRENDS AND PROBLEMS IN THE PROPOSED COUNTRY PROGRAMMES AND CONSIDERATION AND APPROVAL OF COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

I

Country and intercountry programmes and projects

69. Under item 17 (b) of its agenda the Council had before it for consideration and approval country programmes for Barbados, Benin, Bhutan, Burma, the Caribbean, Ghana, Guinea, India, Kuwait, Liberia, Morocco, Mozambique, Papua New Guinea, Sao Tome and Principe, Saudi Arabia, Suriname, Swaziland, Trinidad and Tobago, and Yemen. The Council also had before it for consideration and approval five global projects and one interregional project: Diarrhoeal Diseases Control Programme: Research in Vaccine and Drug Development (GLO/78/005); International Rice Testing and Improvement Programme (GLO/79/003); Integrated Cotton Research and Development Programme (Preparatory Assistance)(GLO/76/001); Research and Training in Fertilizer Technology and Utilization (GLO/79/005); Low-Cost Water and Sanitation Techniques: Development of Demonstration Projects (GLO/78/006); and Emergency Assistance to Meet Intermediate Needs of Desert Locust Control (INT/79/902).

70. In addition, under item 17 (a) of the agenda, the Council reviewed a report of the Administrator (DP/403 and DP/403/Annex) which analysed the relevant trends and problems in the country programmes submitted to the Council at its present session.

71. At its 631st meeting, the Council agreed that, in the interest of reducing the length of the report on its twenty-sixth session to the Economic and Social Council, the section of the report on item 17 would follow the same pattern as for the January meetings and would consist of the decisions taken and reference to the relevant summary records. Accordingly, the introductory statements of the Deputy Administrator and the Assistant Administrators and Regional Directors for the respective regions are contained in DP/SR.631 and 633. The introductory statement of the Senior Director of the Division for Global and Interregional Projects is contained in DP/SR.632. The views of delegations on items 17 (a) and 17 (b) are contained in DP/SR.632 to 635 and the response of the Administration in DP/SR.634 and 635.

Decision of the Governing Council

72. At its 635th meeting, on 8 June 1979, the Governing Council adopted decision 79/6, the text of which appears in section D of chapter XXI of this report.

II

Special assistance to Yugoslavia

73. The Administrator introduced the proposal contained in document DP/420 for special assistance to Yugoslavia following the severe earthquake in the Socialist Republic of Montenegro in April 1979. He reported that the disaster had forced the

Government to revise physical development plans designed after a similar earthquake in the region in 1963. Other measures contemplated by the Government included the creation of an international consultative board of experts, the establishment of a research and training centre for construction under seismic conditions and the development of a network of seismic stations.

74. Referring to the proposal contained in document DP/420, the Administrator explained that it embodied the outcome of discussions between him and representatives of the Government of Yugoslavia held in the tradition of UNDP's readiness to provide special assistance to Governments facing unexpected problems of this kind. Although the initial Government proposals envisaged UNDP inputs of \$2.8 million, the Administrator said that the current level of the Programme Reserve did not permit him to propose assistance of that magnitude. The proposed aid would total some \$1,350,000, the precise amount to be determined when the projects concerned were elaborated in detail. The bulk of the assistance would be spent in assisting the Government in revising the physical development plans for the Socialist Republic of Montenegro, and a relatively smaller amount to establish the consultative board of experts. UNDP would try to assist the Government in carrying out the other activities for which assistance had been requested in the context of the country programme and the European regional programme.

75. The observer for Yugoslavia described the devastating effects of the earthquake in some detail and appealed to the Council to approve the programme proposed by the Administrator. All members and observers of the Council who spoke expressed their full support for the proposal, subject to review by the Budgetary and Finance Committee.

Special assistance to Jamaica

76. For consideration of this matter, the Governing Council had before it document DP/421, which contained the recommendation of the Administrator for assistance to Jamaica following the devastation in that country as a result of recent floods.

77. The Deputy Prime Minister and Minister for Foreign Affairs of Jamaica reported on the result of the disaster in his country. He said that the floods were the worst in Jamaica's recent history, leaving 33 persons dead, 8 missing and 35,000 destitute. He noted that temporary relief measures had restored some degree of stability to a few of the affected areas. Substantial additional assistance was needed, however, for immediate relief operations and subsequent rehabilitation and reconstruction. He stated that in view of the weakened state of the economy at present, all efforts should be geared towards returning affected areas quickly to a self-sustaining condition with recovered productive capabilities.

78. That the United Nations system did not have special funds for the purpose of rehabilitation and reconstruction following natural disasters was considered unfortunate in the Deputy Prime Minister's view. He noted that the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) had been of great assistance to countries in need, but its small budget allowed it to provide only very limited assistance restricted to relief measures. He called for Member States of the United Nations to give thought to placing adequate funds at UNDRO's disposal

for rehabilitation and reconstruction. He expressed appreciation to UNDP and other United Nations organizations for their emergency relief assistance and called on the Council to support the recommendation of the Administrator for approval of \$1 million to assist in the rehabilitation and reconstruction of the agricultural and social services sectors in the western region of Jamaica, with emphasis to be placed on small farmers.

79. The Administrator noted that the tragic events befalling Jamaica had come at a most inopportune time, with the Government making valiant efforts to recover economically. He called upon the Governing Council to extend its full support to the Government's request for assistance. He noted that UNDP was already preparing the details of a reconstruction and rehabilitation programme in close collaboration with the World Bank and the Inter-American Development Bank, both of which had missions in the country at the present time. He said that should the Council approve the Government's request, the reconstruction and rehabilitation programme could be implemented quickly.

80. All members and observers of the Council who spoke on this subject expressed their sympathy for the people of Jamaica and endorsed the recommendation for assistance to the Government in its rehabilitation and reconstruction programme, subject to review by the Budgetary and Finance Committee.

Decision of the Governing Council

81. Following consideration of the Administrator's recommendation by the Budgetary and Finance Committee, the Governing Council, at its 664th meeting, on 2 July 1979, adopted decision 79/32, the text of which appears in section D of chapter XXI of this report.

B. DECADE FOR TRANSPORT AND COMMUNICATIONS IN AFRICA

82. Under item 17 (c) of the Council's agenda, the Assistant Administrator and Regional Director for Africa introduced document DP/369, which outlined the main features of the Decade for Transport and Communications in Africa and reported on UNDP's efforts in this sector. He also brought to the attention of the Governing Council recent developments which had taken place since the preparation of that document.

83. The Assistant Administrator informed the Council that the Economic Commission for Africa, lead agency for Decade activities within the United Nations system, has gathered important data concerning various forms of transport and communications in Africa. Subsequently, sectoral reports as well as a document on the Decade strategy had been prepared by ECA, and at the Conference of African Ministers of Transport, Communications and Planning, held in Addis Ababa from 9 to 12 May, a global strategy for the implementation of the Decade had been adopted. The strategy, stated inter alia, that the principal goal must be the independence, self-reliance and co-operation of African States in the field of transport and communications.

84. The Assistant Administrator stated that at the Conference projects for inclusion in the Decade's programme had been approved on the basis of three priorities: the top priority had been accorded to regional projects, subregional projects and national projects with regional or subregional implications; next

were projects of LDCs, land-locked, newly independent and island developing countries and those of front-line States; and third were projects of other countries. In addition, projects would be implemented in two phases, the first phase lasting four years and the second phase six years.

85. Council members were also informed by the Assistant Administrator that it had been decided at the Conference that the pledging conference for mobilization of financial resources for the Decade would be held in New York, and that the Secretary-General of the United Nations had been requested to hold it during the week of 19 November 1979. The Assistant Administrator added that at the Conference strong views had been expressed that the efforts of the Decade would be thwarted if UNDP did not grant a special allocation to the African States for implementation of the programme.

Summary of the discussion

86. All members speaking on this subject expressed their support for the Decade and thanked the Assistant Administrator for the information provided. Several members stressed the importance of raising funds to finance the realization of the programme, and two members proposed that UNDP use the programme reserve to augment resources available under the national and regional IPFs for the Decade. They pointed out that national IPFs were more or less exhausted and that the regional IPF was very small. In their view it was evident that, in order to support the Decade, certain financial allocations would have to be made. At the suggestion of the President, the Governing Council decided to refer to the Budgetary and Finance Committee for its advice a draft decision on the Decade for Transport and Communications in Africa which had been submitted by the African members of the Council.

Consideration by the Budgetary and Finance Committee

87. The draft decision on the Transport and Communications Decade in Africa was discussed at length in the Budgetary and Finance Committee. The Chairman informed the members at the outset that he understood "resources not yet distributed" mentioned in the draft decision to mean the IPF resources pertaining to "Future participants and other claims" as detailed in document DP/377 (Part I) under item 7. Regarding the section in the draft decision on increasing the regional IPF for Africa for the third cycle, the Chairman stressed that this question was before the Council under item 7. Thus the Budgetary and Finance Committee could not at the moment decide on this question. He suggested, therefore, that the Committee devote its attention to the section of the draft decision which would authorize the Administrator to use in 1977-1981 an amount not less than \$10 million from resources not yet distributed for the first-phase programme of the Decade. In this connexion, the Chairman posed the following questions:

- .. Were the resources for "Future participants and other claims" a logical source for financing the Transport and Communications Decade?
- What would be the state of these resources should the \$10 million from it be approved?
- Was \$10 million an appropriate and fair amount to request given the general financial situation of UNDP?

88. He reminded the Committee to bear in mind that the African members requested \$8.7 million for assistance to colonial countries and peoples. Both the \$10 million and the \$8.7 million would probably be funded from the balance of the "Future participants and other claims" account.

89. The Deputy Administrator provided a financial analysis of the resources for "Future participants and other claims". He stated that this resource covered, inter alia, independence bonuses for newly independent countries, specific activities recommended by the General Assembly, and the like. Taking into account IPFs allocated to some countries and adjusted for other countries, independence bonuses, recalculation of certain IPFs and claims on the resource amounting to about \$3 million resulting from General Assembly decisions, a balance of \$7,850,000 remained.

90. Members of the Committee supported virtually unanimously the idea of assistance to the Africa region to set up its transport and communications infrastructure. There were divergent views, however, regarding the funding for the first-phase programme of the Decade. Members from the Africa region generally stressed that the \$10 million figure proposed for UNDP assistance was the very minimum required to launch the Decade and that, in fact, the cost to implement the first phase of the Decade was estimated at \$5 billion. They emphasized the fact that the \$10 million figure had been reached after several compromises had been made in the light of sensitivity to UNDP's general financial situation.

91. Several members referred to the point the Deputy Administrator had made regarding anticipated activities to be recommended by the General Assembly. They expressed difficulty in believing that such anticipated activities would have a higher priority than the crucial problem of transport and communications in Africa. In this connexion, two members also took exception to the principle behind the Committee's possible according of priority to decisions not yet taken by the General Assembly, which had adopted resolution 32/160 launching the Transport and Communications Decade in Africa.

92. Two members also referred to the subject of TCDC, stating that since UNDP accorded such high priority to TCDC projects that it was considering expanding the Programme Reserve to accommodate them, it was difficult to understand why the same urgency could not be accorded to the Transport and Communications Decade in Africa which was the backbone of TCDC in Africa.

93. Some members alluded to the fact that during the Sahel drought, the main problem was largely the non-availability of transportation for delivery of food supplies. Thus, they urged that the Committee be flexible and imaginative in providing funds for the Decade. One member proposed three possible solutions to accommodate the request: use of the balance of resources available under "Future participants and other claims"; increasing the Programme Reserve; and use of the Operational Reserve to help accommodate this need.

94. The Chairman stressed that the use of the Operational Reserve was strictly guided by certain financial regulations which, as they now existed, precluded its use for the Decade. As for the Programme Reserve, he predicted that the situation was probably even more gloomy since there was less in the way of discretionary funding in the Programme Reserve than in the funds reserved for "Future participants and other claims". Thus, he suggested that the Committee realistically concentrate on this latter resource. Furthermore, as one member had pointed out,

he reminded the Committee that funds were not increased simply by increasing one account since this would necessarily decrease another.

95. Some members of the Committee proposed considering the use of the regional IPF for Africa. They viewed this source of funding as the most appropriate for the Decade. Most of them, however, felt that, if needed, funds from the Programme Reserve and the resources for "Future participants and other claims" could be used to augment the regional IPF funds. They were reluctant, they said, to allocate the full amount of UNDP's flexibility for the next three years of this cycle for even such a worthy cause. One member emphasized that the Programme Reserve should not be depleted at this mid-cycle stage because no one could foresee the exigencies that might occur between now and the end of 1981.

96. The Assistant Administrator and Regional Director for Africa responded to the question of utilization of the regional IPF for the Decade by stating that a sizeable amount of this IPF had already been allocated for transport and communications projects; and, furthermore, that activities to be undertaken in the Regional Programme for Africa had to fall into the five priority sectors established for the Programme and approved by the Governing Council. He informed the Committee that African ministers were aware that it was normal for the regional IPF to support transport and communications projects, but considered that the Governing Council should make a special allocation above and beyond the regional IPF in view of the decision of the General Assembly on the Decade.

97. Two members of the Committee felt that the two requests for additional funds by African countries should be viewed side by side and that African countries themselves should decide on the priorities for the region. One African member responded to this question by urging the Committee to look at the two issues separately and openmindedly. He pointed out that assistance to colonial countries and peoples was an issue of liberation and human rights and, thus, was not a question solely for Africa but a condition for world peace. He did not consider assistance in this area as of interest to the African continent alone.

98. Following the expression of views in the Committee, the Chairman recommended an allocation for the Decade of \$1.5 million from the resources reserved for "Future participants and other claims". Several members, however, stated that such an allocation would be inadequate and that, in their view, a less than total commitment on the part of UNDP would be dangerous because of the negative effect this would have on other potential donors. Some members proposed reducing the estimated amount to be put aside for implementing General Assembly decisions from the resources reserved for "Future participants and other claims", as well as reducing the amounts to be allocated to other activities from the Programme Reserve in order to make more funds available for the Decade.

Recommendations of the Committee

99. Acting on a proposal submitted jointly by the Chairman and the Deputy Administrator, the Budgetary and Finance Committee, at its 177th meeting, on 25 June 1979, recommended that paragraph 5 (a) of the draft decision be amended.

100. The Committee further recommended that paragraph 5 (b) of the draft decision be taken up in future discussions on the allocation of funds for the third cycle.

Decision of the Governing Council

101. At its 662nd meeting, on 29 June 1979, the Governing Council adopted decision 79/27, the text of which appears in section D of chapter XXI of this report.

C. DISASTER PREPAREDNESS AND PREVENTION

102. Under item 17 (d) of its agenda, the Governing Council had before it a note by the Administrator (DP/372) informing the Council of the substantial activities being carried out by UNDP for both disaster preparedness and prevention.

103. Following introductory remarks by the Administrator, the United Nations Disaster Relief Co-ordinator addressed the Governing Council, paying a tribute to the Administrator for his interest and support of the Office of the United Nations Disaster Co-ordinator (UNDRO). Referring to the creation of UNDRO in 1971, he recalled the different decisions taken by the General Assembly and the Economic and Social Council which, while recognizing the value which disaster preparedness and prevention could have in reducing human and economic losses, indicated the reluctance of Governments to provide the means and suggested that sources of funds other than the United Nations budget itself be found. One source of funding regularly mentioned was UNDP.

104. The Co-ordinator noted that UNDP was already very closely involved in both disaster preparedness and prevention, giving as an example the excellent co-operation extended by the United Nations system in Bangladesh under the aegis of the resident representative. He pointed out the necessity for resident representatives to promote awareness of the need for preparedness work in the government ministries with which they come into contact. Dwelling on the considerable benefits to be obtained if, in hazardous regions, development plans were systematically evaluated in terms of their vulnerability to disaster risks, he emphasized that the issue often transcended national problems to apply to whole regions. He concluded by emphasizing the significant effect of disasters on development, hence the necessity of close co-operation between UNDP and UNDRO.

Summary of discussion

105. One member welcomed the statement of the Co-ordinator and stressed that recipients should consider activities related to disaster prevention and preparedness when programming their national IPFs. It was the view of his delegation that UNDRO should concentrate on natural disasters. UNDRO's role should be that of co-ordination and of advice without, however, becoming an executing agency of UNDP. The role of the UNDP resident representative was emphasized.

106. Another member expressed his appreciation for the close co-operation between UNDP and UNDRO and commented on the necessity for disaster-prone countries and regions to devise preparedness measures in their development plans. He pointed out the difficult situation of his country which lay in a disaster-prone region where more than 500 cyclones were recorded during the 1971-1977 period. While Governments might wish to utilize IPF resources to develop such measures, he noted that the creation of a United Nations fund for intervention in disasters should not be lost sight of. He further stressed the central role of UNDRO and made an appeal to all Governments to provide financial support for its activities.

107. The co-operation of UNDRO and UNDP was also praised by a member who noted, however, that the list of projects attached to the Administrator's note (DP/372) dealt more with disaster relief than preparedness and prevention. It was his view that such specialized agencies as ITU and WHO should be more active in disaster-related programmes. Referring to the first speaker, he stated that his own Government had no objection to UNDRO's acting as an executing agency of UNDP.

108. Another member referred to the bilateral approach taken by his Government in providing assistance to the drought-stricken areas in Ethiopia, giving full details of the actions taken.

Decision of the Governing Council

109. At its 658th meeting, on 26 June 1979, the Governing Council adopted decision 79/17, the text of which appears in section D of chapter XXI of this report.

D. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 33/147 ON ASSISTANCE TO THE PALESTINIAN PEOPLE

110. Under item 17 (e) of its agenda, the Council had before it for consideration a report of the Administrator (DP/410).

111. In introducing his report, the Administrator recalled the provisions of General Assembly resolution 33/147 and his announcement at the January 1979 meeting of the Governing Council concerning the methodology he proposed for the identification of the social and economic needs of the Palestinian people. He informed the Council that the consultations called for under resolution 33/147 explained the delayed presentation of his report. He also informed the Council that the Interagency Task Force, established by an interagency meeting which convened in Geneva on 15-16 February 1979, had worked out a list of notional projects for meeting the social and economic needs of the Palestinian people. He recommended to the Council the approval of 18 notional projects selected from the list of projects identified by the Task Force. The Administrator asked the Council to authorize him to draw upon the Programme Reserve up to the amount of \$3.5 million during the second cycle 1977-1981 for financing these projects; to undertake appropriate consultations in accordance with resolution 33/147, and normal UNDP procedures, to finalize the implementation of these projects; and to accept funds from Governments and intergovernmental organizations for the purpose of implementing projects for assistance to the Palestinian people. He concluded by expressing the hope that the UNDP Governing Council, with its long-standing, positive position would approve his recommendations by consensus.

Summary of the discussion

112. Members of the Council expressed their appreciation for the report and the presentation of the Administrator and commended the Interagency Task Force for the manner and speed in which it had carried out its mandate. All members who spoke on this question expressed their support and indicated their approval of the Administrator's recommendations to appropriate up to \$3.5 million from the Programme Reserve for 1977-1981 and to accept funds from Governments and intergovernmental organizations for the purpose of implementing projects for assistance to the Palestinian people.

113. Some members, while extending their support to these recommendations, remarked that the indicated figure of \$3.5 million would not be sufficient to meet all the social and economic needs of the Palestinian people and urged that the amount should be increased. They also joined the Administrator in his hope that United Nations organizations would continue to extend their assistance to the Palestinian people.

114. Other members indicated that their support for the recommendations of the Administrator was based on the understanding that the amount indicated for financing the proposed projects was an initial allocation; that these projects would concentrate mainly on the West Bank of Jordan and the Gaza Strip; and that it would not be construed as a substitute for other United Nations assistance extended to the Palestinian people.

115. The representative of the Palestine Liberation Organization indicated his satisfaction with the report and recommendations of the Administrator, and remarked that this was the first time the Palestinian issue had been considered in an international forum concerned solely with social and economic issues. His delegation accepted the Administrator's proposal and expressed the hope that UNDP would in future increase its assistance. He concluded by commending the work of the Interagency Task Force.

116. The President of the Council, in declaring the adoption by consensus of the Administrator's recommendations, reminded members that the financial implications of paragraph 18 of document DP/410 would be referred to the Budgetary and Finance Committee for consideration.

Decision of the Governing Council

117. Following review by the Budgetary and Finance Committee, the Governing Council, at its 658th meeting, on 26 June 1979, confirmed its adoption of decision 79/18, the text of which appears in section D of chapter XXI of this report.

VI. ASSISTANCE TO COLONIAL COUNTRIES AND PEOPLES

118. For consideration of item 5 of its agenda, the Council had before it a report of the Administrator (DP/362) which detailed the projects approved and financed by UNDP since the inception of the programme of assistance to colonial countries and peoples, with emphasis on those activities undertaken during 1978.

119. In his introductory statement, the Assistant Administrator and Regional Director for Africa informed the Council that in pursuance of General Assembly resolution 33/27, he had chaired a meeting, held in New York on 14 June 1979, of representatives of various organizations of the United Nations system, of OAU and of the African liberation movements recognized by OAU.

120. The meeting had enabled the participants, *inter alia*, to improve the programming and implementation of humanitarian assistance to the national liberation movements recognized by OAU. The meeting concluded that such meetings should be held annually on the occasion of the June session of the Governing Council until the countries concerned became independent.

121. Concerning UNDP assistance to Namibia, the Assistant Administrator confirmed UNDP's involvement in the preparation and management of the Namibia Nationhood Programme following an agreement between UNDP and the Office of the United Nations Commissioner for Namibia which he had signed on 13 March 1979 on behalf of the Administrator. All the projects of that programme had been approved.

122. Under this agreement, the Council was informed, a supplementary Trust Fund for Namibia had been established within UNDP under the Administrator's direct supervision. An amount of \$2.4 million had been utilized from this source to finance some of the projects featured in the Nationhood Programme. In addition, UNDP had committed an amount of \$5.1 million from the Namibia IPF for the implementation of eight nationhood projects. All the projects approved for the Nationhood Programme would be implemented in accordance with UNDP's rules and regulations.

123. With regard to Zimbabwe, the Assistant Administrator drew the attention of the Council to the on-going Zimbabwe economic and social survey which UNDP was financing at the request of the Patriotic Front, and for which UNCTAD was the executing agency. An advisory committee, composed of representatives of the Patriotic Front, the Office of the Secretary-General of the United Nations, ECA, UNCTAD and UNDP, had been established for the study.

124. This Committee held three meetings so far; the most recent one had taken place in New York on 12 June 1979 under the chairmanship of the Assistant Administrator. It was expected that a draft of the main report would be ready by the end of July 1979. It was also anticipated that, as was done for Namibia, an interagency workshop would be organized during 1980 to develop, with the co-operation of the Patriotic Front, a Nationhood Programme for Zimbabwe on the basis of the findings and conclusions of the economic and social survey.

125. Referring to document DP/362, the Assistant Administrator noted that of the \$17.3 million allocated to the programme of assistance to colonial countries and peoples, about \$8 million had been spent as of 31 December 1978, of which \$5 million had been spent in 1978 alone, leaving a balance of \$9.3 million as of that date. On the basis of the 1978 expenditure and the marked momentum gained by the programme, it was expected that expenditures for 1979 would reach \$6 million, thus reducing the unspent balance to \$3.3 million by the end of the year.

126. With respect to problems concerning the financing of the programme, he drew attention to the relevant section of document DP/362 and to a conference room paper on this matter which had been issued during the session. The Council was invited to regularize the transfer of the \$7 million advanced in 1978 from the programme reserve to the IPF for national liberation movements, in addition to taking decisions on the issues referred to in the conference room paper.

Summary of discussion

127. Various members commented favourably on the Administrator's report, and expressed their support of the Administrator's proposal to convert the \$7 million advanced last year to an increase in the IPF for the national liberation movements recognized by OAU. Members also expressed approval of the additional request that the total resources available to this programme be increased by \$8.7 million during the current cycle.

128. Further commenting on the report, some members urged UNDP to continue its programme of assistance to the national liberation movements recognized by OAU until their countries attained independence. Other members, in expressing their satisfaction with the existing co-operation between UNDP and the Office of the United Nations Commissioner for Namibia, pointed to the need to utilize, in consultation with the United Nations Council for Namibia, the unspent and unprogrammed portion of the Namibia IPF. One member fully acknowledged that UNDP had emerged as a major contributor to the preparation for nationhood of the peoples of African countries still under colonial and minority régimes and supported the proposed increases in the IPF for the national liberation movements recognized by OAU. Information was requested, however, on what source of funding available to UNDP would be drawn upon for the proposed increase of \$8.7 million.

129. Responding to the points raised in the discussion, the Assistant Administrator and Regional Director for Africa explained to the Council that the decision to set aside the amount of \$3,990,000 from the Namibia IPF was to ensure that at the time of independence some funds would be available to implement urgently needed projects inside Namibia. Furthermore, in response to views expressed by members of the Council at its twenty-fifth session, UNDP was cautious of overspending the funds allocated to benefit colonial countries and peoples.

130. On the question of the source of funding to meet the proposed increment of \$8.7 million, the Assistant Administrator reminded the Council that owing to the lack of additional pledges to the Trust Fund for Colonial Countries and Peoples, the resources of that Fund remained at \$4.2 million. Some delegations, however, had already urged the Council to allocate increased resources to the UNDP total resources rather than rely on the Trust Fund. Therefore, the proposed increment of \$8.7 million could only be drawn from the resources reserved for "Future participants and other claims".

131. Acting on a proposal by the President, the Council decided to refer the question of additional resources for the programme of assistance to colonial countries and peoples to the Budgetary and Finance Committee for its consideration and advice.

132. Following consideration by the Budgetary and Finance Committee and being apprised of its recommendation, one member stated that the questions of appropriate size and effective execution of UNDP assistance to colonial countries and peoples required careful consideration. She pointed out that only 12 African countries had IPFs as large as the \$20.5 million which would be allocated to national liberation movements if the Council were to approve the addition of \$7.5 million recommended by the Budgetary and Finance Committee. The member stressed, furthermore, that UNDP-supported assistance should be properly executed and should reach only the intended recipients. Acknowledging that the co-operation of liberation movements might be required for implementation, the member nevertheless said that the management of projects should remain the responsibility of the executing agencies and be subject to detailed reporting and auditing procedures. Referring to the floods in Jamaica, the earthquake in Yugoslavia, and the concomitant requests for additional assistance, she stated that it was imperative to maintain a strong Programme Reserve in order to be able to meet similar requests in future, and that as much care should be taken to review proposals for technical co-operation with national liberation movements as was taken with country programmes and global and interregional projects.

133. Following the adoption of the decision referred to in paragraph 134 below, one member expressed his Government's reservation in view of its efforts to achieve a peaceful settlement of the problem in Southern Rhodesia which would allow the people of that country to rebuild their nation with the assistance of the international community and under leaders of their own choosing. Another member stated that her Government's position on UNDP assistance to national liberation movements was well known and that she wished to have them considered reiterated.

Decision of the Governing Council

134. At its 663rd meeting, on 29 June 1979, the Governing Council adopted decision 79/25, the text of which appears in section E of chapter XXI of this report.

VII. MID-TERM REVIEW OF THE SECOND UNDP PROGRAMME CYCLE,
1977-1981, AND PREPARATION FOR THE THIRD CYCLE,
1982-1986

A. MID-TERM REVIEW OF THE SECOND UNDP PROGRAMME CYCLE, 1977-1981

135. For its consideration of agenda item 7, the Council had before it a report of the Administrator (DP/390) containing an up-to-date assessment of the main programme resources and costs for the second IPF cycle and suggesting arrangements to facilitate the transition from the second to the third programme cycle, 1982-1986.

136. Introducing the mid-term review, the Director, Planning and Co-ordination Office, noted that the Programme was now on a healthy expansion curve and that it was expected that the full amount of \$2.5 billion for the main programme as foreseen in the report of the Administrator entitled "Programme resources, IPFs and other costs, 1977-1981", submitted at the twenty-second session of the Council, ^{4/} could be delivered provided the following prerequisites were met: contributions amounting to approximately \$1.6 billion would have to be made in 1980 and 1981; the Council should approve in principle increasing the Operational Reserve to \$250 million by the end of 1981; the Council should agree in principle to limited borrowing from the third cycle for programmes which would have a sizeable increase in the IPF for the next cycle, it being understood that the borrowing would be limited to the extent of the estimated short-fall in other programmes so that the total amount for the cycle 1977-1981 would not be exceeded; and, finally, developing countries needed to know soon how they could plan beyond 1981 or the Programme would slow down in 1981 and that slow-down would continue beyond that year because recipient Governments would be reluctant to approve programmes and projects without an indication of future resource availability. To ensure the continuity of the programme, the Administrator would use as an indicative figure, for planning purposes, an IPF ceiling of \$690 million for 1982 and, if necessary, for 1983. This would be divided among the various programmes in the same proportion as their percentage shares for the second cycle IPF, subject to adjustments when the third cycle IPFs would be available.

137. Several members of the Council were pleased to note that for the first three years of the cycle contributions had exceeded earlier projections and they interpreted this as a reflection of confidence in UNDP. While some members urged that the 14 per cent growth target in contributions be maintained for the remainder of the second cycle, others cautioned the Administrator to observe prudence in the resource planning for 1980 and 1981 in view of the total level of contributions still required for these years and because external factors had influenced the increase in contributions for 1979. Commenting on these observations, the Administrator mentioned that while he was hopeful that the total contribution target of \$3.4 billion for the second cycle would be met, he was aware of the need for prudence in the present international economic climate. He would therefore continue to keep a close watch on how the over-all resource

^{4/} DP/199.

situation would develop. Additional resources for future years would only be released in accordance with the development of the resource picture so as to keep expenditures within proper limits and the build-up of total commitments for future years would be closely monitored and kept within reasonable limits.

138. Most of the members of the Council who commented on the level of the Operational Reserve expressed support for the Administrator's recommendation to increase this Reserve to \$250 million by the end of 1981. One member stated that such an increase should be obtained without a reduction in the planned level of programme delivery. Only a few members of the Council were in favour of the alternative of arranging a standby credit arrangement with commercial banks. Two members who agreed to the proposed increase in the Operational Reserve, pointed out that the Reserve could again be reduced if UNDP were able to safeguard its financial integrity through other means, or if it proved that the real operational needs could be met by a smaller Operational Reserve. One member was confident that, because of managerial steps taken to monitor and control expenditures, another liquidity crisis would not occur and that there was thus no reason to increase the Operational Reserve beyond the \$150 million level. In the view of one observer, multi-year pledging, rather than increasing the Operational Reserve, should be pursued. Not convinced of the need for either increasing the Operational Reserve, or for arranging a standby credit arrangement, one member suggested that the matter be further reviewed in the Budgetary and Finance Committee.

139. In his reply the Administrator stated that few things could be as detrimental to the Programme as the stop-start syndrome of the past. He emphasized the request for the further build-up of the Operational Reserve by \$100 million, so that if there were to be a temporary shortfall in resources, the programming could continue as planned. The Operational Reserve was not only intended to compensate for uneven cash flows and to meet other requirements but also to secure the financial integrity of the Programme. The Operational Reserve needed to be strengthened by the end of the second cycle because during the last two years of this cycle, and certainly at the beginning of the next cycle, the magnitude of the level of both planned expenditures and expected contributions was such that a small percentage deviation higher than planned expenditures for one or two years or a small percentage deviation lower than planned contributions for a couple of years - if only because of unpredictable changes in the exchange rate situation - might require some \$150 million out of the Operational Reserve. The Administrator reminded the Council that, in the past, many Council members had considered the current level of \$150 million to be inadequate and indicated that at its increased level of \$250 million, the Operational Reserve would represent, by the end of the second cycle, the equivalent of approximately three months of the total cash outflow of UNDP on account of the main programme. In the third cycle, the period of coverage would be less on account of the planned expansion of the programme.

140. Members of the Council agreed that borrowing from the third cycle could be allowed by programmes, for which the IPF was expected to increase significantly in the third cycle, and to the extent that there would be unavoidable under-expenditure in other programmes in order for UNDP to remain within the authorized main programme level. One member cautioned that a more flexible policy in overprogramming would have to be followed in 1979, 1980 and 1981 to ensure that curbs currently imposed on overprogramming to certain IPF expenditures within annual country ceilings did not themselves contribute to under-expenditures in some countries. The Administrator added that he was working on the assumption that the Council would agree, as it had done to facilitate the transition from the first to the second cycle, to the carry-forward of any balances into the next cycle.

141. One member suggested that an end-of-term review should also be held beginning in 1981 to determine the lessons learned and the progress achieved during the second cycle. In his reply, the Administrator took a positive view of this suggestion, but added that such a review would have to be undertaken after the Council decided on the financial planning for the third cycle.

B. INCREASE OF THE INTERREGIONAL INDICATIVE PLANNING FIGURE 1977-1981

142. Under item 7 of its agenda, the Governing Council also had before it a note by the Administrator on an increase of the interregional IPF for 1977-1981 (DP/401). In order to accommodate the many and pressing demands for interregional programmes and projects, the Council's authorization was requested to authorize an additional allocation to the interregional IPF of \$5 million for the second cycle to be financed by a corresponding reduction in the level of the Programme Reserve.

143. Several members agreed to the proposed increase in the interregional IPF for 1977-1981 by reducing the Programme Reserve. However, two members questioned whether such increases should be financed by reducing the Programme Reserve and they felt that not sufficient justification had been given for the proposed increase in the interregional IPF compared to the possible requirements of other programmes. In the view of one of these members, the Budgetary and Finance Committee should consider all additional claims against the Programme Reserve at the same time. One member urged the Administrator to take a bold and innovative approach in the utilization of interregional funds.

144. The Administrator assured the Council that all ongoing projects in the interregional programme were within the priority areas included in the programme as submitted to the Council in January 1977 and had been approved in response to evolving needs carefully appraised. They could be carried on in an orderly fashion until the end of the cycle with currently available resources. However, without additional funds it would not be possible to initiate any new activities in response to new needs arising from the fifth session of UNCTAD, the Conference on the Law of the Sea and the International Drinking Water Supply and Sanitation Decade, and to expand interregional technical co-operation in other areas of direct benefit to a large number of individual countries.

145. In requesting an increase in the interregional IPF, the Administrator was aware that the development process was a dynamic process in which needs and priorities were constantly evolving, and he believed that if the proposal to which UNDP was now seeking to respond had been foreseen in 1977, the Council might well have established a larger interregional IPF for the cycle. The Administrator agreed that there was a need for more direct involvement of developing countries in the setting of priorities for intercountry activities and for enhanced intergovernmental involvement in interregional and global programmes.

Decision of the Governing Council

146. Following review by the Budgetary and Finance Committee and taking its recommendation into account, the Governing Council, at its 664th meeting, on 2 July 1979, adopted decision 79/31, the text of which appears in section F of chapter XXI of this report.

C. PREPARATION FOR THE THIRD CYCLE, 1982-1986

147. Under item 7 of its agenda, the Governing Council also had before it for consideration a note by the Administrator on over-all planning for UNDP resources, including IPFs for developing countries for 1982-1986 (DP/377 (Part I)), as well as a note by the Administrator on multi-year pledging (DP/377 (Part II)). Part I was designed to facilitate the process of decision making on the size and allocation of resources as foreseen in Governing Council decision 25/34 on preparations for the third cycle. Part II responded to Governing Council decision 25/16, calling for a report on means of achieving a more secure financial base for UNDP.

148. In introducing this question, the Administrator stated that there were three interrelated basic issues: the future over-all size of the programme, the allocation of resources among programmes and countries, and the pattern of resource mobilization.

149. The initially suggested over-all average annual growth rate in voluntary contributions of 14 per cent for the third cycle, indicated in document DP/377 (Part I), was an extension of the same rate of growth that had been decided on for the present cycle of 1977-1981. In view of the overwhelming needs of the developing countries, such a figure was modest. Much of the \$6.7 billion of resources provided by this rate would be absorbed by inflation. In fact, because of the possible extent of inflation, the real growth of UNDP activities might be less than the real rate of growth of the developing countries in the 1980s. The Administrator stated that development assistance in some multilateral institutions had grown at annual rates in excess of 14 per cent. He referred to the recent IDA replenishment where growth was at a level equivalent to some 20 per cent a year; and to the regular and extrabudgetary programmes of technical co-operation of the organizations in the United Nations system, apart from UNDP, whose growth in recent years was in excess of 20 per cent annually.

150. With regard to the first of these issues, the Administrator said that the evidence of global will for the future of development assistance as expressed in various international forums, suggested positive implications for UNDP growth. The General Assembly Committee of the Whole Established under Resolution 32/174 had strongly emphasized the need for all developed countries to attain the official development assistance target of 0.7 per cent of GNP, and had agreed that flows from multilateral development institutions to developing countries should continue to increase significantly in real terms. It had also agreed that official development assistance should be distributed rationally and equitably, with urgent help for the special categories of developing countries referred to in various resolutions of United Nations bodies. The Administrator stated that such resolutions and decisions, including those of the fifth session of UNCTAD related to the same issues, suggested that the framework already existed for a consensus on the magnitude of future activities of UNDP and comparable development institutions. The world community had already signaled its desire for the growth in the 1980s of such institutions as UNDP. With others, UNDP was properly placed and suitably structured to help achieve the geo-economic transformations of the 1980s that were mutually desired and of collective interest.

151. The second basic issue referred to by the Administrator concerned the allocation among individual countries of the resources available for country IPFs. He had suggested in document DP/377 (Part I), that some \$3.8 billion might be

allocated for all country IPFs. He had suggested a shift in the share of total country IPFs going to the least developed countries, from the 1977-1981 level of some 32 per cent to a 1982-1986 level of some 36 per cent. With a broader country set, which included least developed countries, he had suggested that the share of total IPFs going to those countries which in 1978-1979 may have a per capita GNP of less than \$500 should increase from the present two thirds to some three quarters in the third cycle. It was for the Council to decide whether the shifts in apportionments suggested in document DP/377 (Part I) were sufficient, or insufficient. He pointed out that the more the Programme directed itself towards the needs of the least developed and other low income countries, the less, of course, would be available, relatively, to other participating recipients in the Programme. In the same calculations, the Administrator suggested the maintenance of the floor principle for 1982-1986 IPFs. In addition, "floor countries" should receive at least 20 per cent more in monetary terms in 1982-1986 than they will receive in 1977-1981, as a partial inflation adjustment.

152. The Administrator noted that UNDP served not only the poorest developing countries and developing countries with relatively high per capita GNP, but also a large number of countries which might be called middle-income developing countries whose needs must not be overlooked in any concentration on the countries at either end of the per capita GNP scale. The Administrator suggested that the eventual decision on UNDP resource allocation could have an influence well beyond UNDP, with ramifications for many other essential elements of the global development assistance structure.

153. The Administrator referred to the IPF country allocation model described in document DP/377 (Part I) which detailed the particular means by which the Council's general instructions on resource allocation could be translated into individual country IPFs. Following the Council's determination for the second cycle, it was suggested that in the third cycle the bulk of total IPF resources available might be allocated on the basis of a country's population and per capita GNP. Departing from the second cycle approach, he suggested that supplementary criteria should be easily measurable. Thus, he referred to determining whether a country was least developed, land-locked or island developing. His initial suggestions provided, also, for the maintenance of the floor and ceiling criteria, both subject to a partial inflation adjustment.

154. The Administrator also stated that there were a number of other matters associated with the issue of country IPFs. The Council would need to consider, for example, the previously referred to suggestion that some \$3.8 billion would be available for total country IPFs. In particular, it might wish to discuss his initial view that there should be a certain increase in the share of total resources available for total IPFs directed to intercountry IPFs.

155. On the issue of net contributor status, the Administrator stated that despite a history of appeals by the Council to recipient countries who could become net contributors, there had been insufficient movement in this respect. He suggested that the Council might now wish to consider what could further be achieved before the start of the third cycle.

156. The Administrator hoped that the Council would decide sooner rather than later on criteria for the allocation of a total of some \$800 million, suggested for all regional IPF activities in the third cycle, among the individual regions.

157. The Administrator referred to the need for a smooth transition in field activities in individual countries between the second and third IPF cycles. Assistance activities were of a continuous nature and stop-and-start financing should be avoided. Many country programmes being negotiated over the next few years would be planning for activities and expenditures during the third cycle. Even under the most conservative projections of the over-all size of the third cycle programme, there would be several dozen among the poorer countries which might expect an increase in their IPFs of well beyond 50 per cent, and even some whose IPFs may be doubled. It would be preferable for programmers to know these facts as soon as possible and he hoped that the Council would give vital guidance on transitional arrangements. Specifically, the Administrator requested the Council to give him authority to let selected countries know of tentative programming figures that they might take into consideration in developing their country programmes that stretched into the third cycle. Any authority granted in this area by the Council would be subject to the clear understanding that communication of these tentative figures would have no bearing on the Council's final decision on a country's third cycle IPF.

158. Dealing with the third basic issue, multi-year pledging and associated matters, the Administrator stressed that progress in the 1980s demanded greater diversification of donors' contributions since, up to the present, growth of the Programme had depended in large part on the voluntary contributions of a small number of major donors. He pointed out that there were many countries that could increase the amount of their contributions for a number of years at well above the target of at least 14 per cent per year, including some who could substantially increase the order of magnitude of their contributions to the Programme. He said furthermore that the concept of multi-year pledging was not difficult to accept since it was natural that a Programme engaged in multi-year allocations of resources should logically have multi-year pledging of those resources. He pointed out that many countries had experience in multi-year pledging of one kind or another and he hoped that Council members would convey to their Governments the critical importance of moving towards multi-year pledging of voluntary contributions to UNDP.

Voluntary contributions

159. Several members considered that the future growth in voluntary contributions to UNDP would be influenced by their restored confidence in the Programme following its new momentum after the difficulties experienced in 1975. They were gratified by reductions in administrative real costs and by improvements in efficiency. Their confidence had already been demonstrated by the high level of voluntary contributions achieved so far in this cycle.

160. Several members accepted the necessity and feasibility of the Administrator's recommendation for a 14 per cent compound annual rate of growth of voluntary contributions, and that this represented a continuation of the rate achieved so far during the second cycle, despite earlier warnings that such a rate could not be maintained because of difficult economic conditions. The 14 per cent figure could be achieved with materially increased official development assistance for multilateral development co-operation. Many members expressed the belief that an even larger rate of growth in contributions was necessary, as well as achievable, in order to maintain the momentum of the Programme, given the present high rate of inflation.

161. One member stated that the 14 per cent figure meant a 93 per cent increase in Programme resources which would make possible a correspondingly greater increase in the redistributed allocations.

162. Several members of major donor nations expressed some reservations or qualifications about the future growth in contributions. It was stated that the international economic situation was even more uncertain than in 1976 (when final decisions were made on the second cycle) and conditions now did not justify unqualified optimism. Renewed inflation and inadequate energy supplies had become major obstacles to economic growth and employment.

163. In explaining their cautious approach to a 14 per cent growth assumption, some delegations commented that among the developed countries the same small group of major donors had provided the bulk of contributions to all multilateral development programmes. Other advanced countries in a position to do so had not contributed significantly. Some members stated that achieving the 14 per cent growth rate depended on whether countries which had not yet attained the official development assistance target of 0.7 per cent of GNP would make substantial efforts to do so. One member stated that his Government has been contributing more than 10 per cent of the country's GNP for the cause of development. Another member stated that resources for the 14 per cent growth target could be provided only if there were worldwide disarmament. One member expressed the view that developed countries should give proof of their readiness to increase their contributions to the Programme at levels closer to the real needs for assistance of the developing countries so that this modest programme of \$6.7 billion, proposed by the Administrator for the coming cycle, could be realized. The recipient countries which were able to do so could also contribute to the realization of this figure in accordance with their economic progress. The member supported the Administrator's proposal to include in the third IPF cycle an adjustment for inflation.

164. It was stated that major donor countries, in times of budgetary constraint, found it difficult to justify to their parliaments additional requests for assistance when some of it went to developing countries with relatively high incomes. It was suggested that more countries should become significant net contributors or engage in greater cost sharing. There should be larger contributions from among the developing countries themselves, depending on their respective capacities. Several members stated their appreciation to those recipient countries that had already become net contributors. One member suggested that developing countries should demonstrate a greater willingness to meet field office and local costs.

165. Some members urged that contributions to the Programme should be in fully convertible currencies. In this context, one member stated that contributions from developing countries represented a substantial effort irrespective of whether they were in national or convertible currencies. Other members stressed the universal and voluntary character of UNDP and stated that all resources, including national currencies, must be utilized effectively.

166. One member stated, as he had at the previous meeting of the Council, that his Government was prepared to relinquish a significant part of IPFs to be allocated to his country on the basis of unified criteria during the third cycle. Another member stated that in regard to increasing future levels of assistance, one possibility was the provision of technical co-operation through twinning

arrangements among recipient countries. This arrangement could also be used to augment the shift of resources to countries at lower development levels without direct diminution of resources for other groups of recipient countries. It would by implication add to the total volume of assistance, without requiring an increase in IPFs.

167. The Administrator was asked if UNDP and the agencies had the capacity to manage effectively a Programme of the magnitude sketched in document DP/377. The Administrator indicated that both partners had the capacity to operate effectively at the enlarged real levels foreseen. UNDP would endeavour to manage a significantly enhanced real level of field programme activities with administrative and programme support costs rising annually by no more, on average, than 2.5 per cent in real terms. Thus far, apart from the constant process of improving efficiency at headquarters and in the field, detailed planning had not gone further in this area. As for the agencies, at this time UNDP could only suggest that, on average, they would continue to be compensated for the performance of their functions at the 14 per cent rate.

168. Another inquiry related to the Administrator's views on the substance of programme strategy for the third cycle. The Administrator stated that the nature of UNDP required that its future programme strategy be derived principally from the perceptions of individual developing countries and that it was beyond the competence of the Administrator to prepare a world programme. This did not diminish the responsibility of UNDP to advise, counsel and share experience. In intercountry activities, there was also an opportunity for the Administrator to advise Programme participants on the basis of resolutions of the General Assembly and other international bodies, including, for instance, the fifth session of UNCTAD. But even here UNDP was extremely sensitive to the request of the General Assembly that the regional commissions should also have a strong voice in discussion of regional priorities, and that developing countries within the regions should be involved in decisions on regional activities. With these points in mind, he expected to refer to UNDP's future programme strategy in his address to the Second Committee.

169. Some members urged that the growth of UNDP should be in the context of the new international economic order, and the new International Development Strategy.

Country IPFs

170. Members of the Council expressed diverse views as to the desired shifts, between the second and third cycles, in the allocation of total resources available for country IPFs. Many members considered that the Administrator's illustrative allocations in document DP/377 were plausible, highly progressive in favouring the low-income countries and, by and large, satisfactory. Many other members felt that the shift towards the low-income countries suggested in DP/377 had not gone far enough and one member stated that the countries with incomes below \$500 per capita should receive 85 per cent of total country IPFs, instead of the 75 per cent suggested in DP/377; and, that countries with per capita GNP below \$250 should receive 50 per cent instead of 47.4 per cent. Some members considered that the least developed countries should receive more than the 36 per cent suggested in DP/377. Other members took this same general position on IPF allocations (i.e., that the bulk of country IPFs should go to the low-income countries), but did not indicate specific proportions. On the other hand, many members stated that

the extent of the shift to low-income countries suggested in DP/377 was such that it discriminated against the mid-income and upper-income groups of developing countries, and that this violated the principle of universality. Some members suggested maintaining the 1977-1981 distribution of country IPFs.

171. A variety of views were expressed on the details of the country allocation model employed in DP/377: i.e., on the use of the basic criteria of population and per capita GNP, on the choice of supplementary criteria, and on the numerical weighting of such criteria. Statements were made, also, on the use of "floor" and "ceiling" criteria and on the use of a partial inflation adjustment factor. In over-all terms, many members found the fundamental methodology of DP/377 to be satisfactory. They accepted the suggested relative weights accorded to basic and to supplementary criteria and agreed to the use of floor and ceiling criteria. With regard to the IPF-per capita GNP function and the IPF-population function, one member stated that the Administrator might consider using smooth curves instead of the piecewise linear functions shown in DP/377. Another member, however, wondered if the 1977-1981 weights could not be used. Some members expressed some over-all reservations. Several members thought that the method used had yielded results that discriminated against middle and higher income countries and that the choice of weighting coefficients seemed arbitrary. A member found no objective reason for certain specific weights being used, and not others. It was stated that more qualitative factors should be introduced in developing basic and supplementary criteria and deriving consequential IPF allocations.

172. One member raised several detailed points concerning the IPF calculations in DP/377. He inquired why a "population-IPF function" was used in DP/377 which gave countries with 83 per cent of total population only 40 per cent of total IPF population weights. The Administrator mentioned that this was essentially the same approach as agreed upon by the Council for the second cycle. Had the 23 larger-sized countries involved been given 83 per cent of total IPF-population weights, commensurate with their relative population size, then there would have been only 17 per cent left for the remaining 127 countries with smaller-sized populations. This matter was considered more fully in paragraphs 36 to 38, foot-note 9, and in the chart in document DP/377. The member inquired if it were possible to make available the preliminary country IPF calculations which form the basis for the illustrative summaries presented in DP/377. The Administrator stated that, because of the unavoidable imprecision in the basic country data employed at this time, it would be more harmful than helpful to publish individual IPF calculations. He recalled that the exercise in DP/377 involved an estimation of the per capita GNP, and population, of individual countries as they may be in 1978-1979. Actual data for such years would not be available from the World Bank until the latter part of 1980. However, should the Council so decide, the Administrator would provide individual illustrative country IPFs at the twenty-seventh session. The member also asked why table 5 in DP/377 contained a separate category for countries above \$2,500 per capita GNP. The Administrator responded that all country IPF calculations had been prepared on an individual basis and the use of the particular income categories shown in DP/377 had no effect on these underlying individual calculations.

173. Several members mentioned that the GNP was an important indicator of a country's stage of development, but it could not be considered in isolation or in absolute terms. It seemed to them that the value of GNP was altogether insufficient to determine the level of development and the status of a country's need for assistance. Other factors should be considered too. For example, the share of

industry in the national income; the percentage of the population working in non-agricultural sectors; the diversification of the national economy; its technological level; such infrastructural elements as transport and telecommunication networks; the structure of foreign trade; numerous elements of a social and cultural nature; and others.

174. A member referred to the share of total concessional assistance provided by OPEC and DAC countries which was directed to low-income countries. The Administrator observed that that share was essentially the same as the share of total UNDP assistance going to the same group of low-income countries in terms of 1977-1981 IPFs. The UNDP share would be greater in 1982-1986 if the suggestions in DP/377 were approved. The share going only to the group of least developed countries was higher in the case of UNDP currently than for all forms and sources of concessional assistance.

175. Many members commenting specifically on the basic criteria of a country's population and per capita GNP supported their use as principal determinants of country IPFs and approved the related weighting systems used in making IPF calculations. The principal reason for such support was the objectivity and simplicity of the suggested method.

176. Some members considered that the per capita GNP criterion was inappropriately used in that it could not reflect adequately the actual level of social and economic development, or the need for development assistance. It was too blunt an instrument in that, for instance, small island countries and others with middle range per capita incomes had severe problems not dealt with by this criterion and were accordingly discriminated against. It was stated that the supplementary criteria could not completely offset this discrimination. Other criteria were needed which differentiated and identified a wider range of problems that constrained development. Another member thought that a decline in per capita GNP over time should be a part of the basic criteria, leading to an increase in a country's IPF.

177. Regarding the treatment of population in DP/377, a member hoped that any adjustment would take into account the revealing statistics contained in table 4. The proposed per capita IPF for 1982-1986 for countries having a population greater than 20 million was only 60 cents as against \$20 per capita for countries with less than one half million population. While it was appreciated that country IPFs could not be entirely proportional to the population, the ratio of 33:1 seemed very large. Some members stressed the importance of particular assistance to cover the special needs of small-sized economies.

178. Regarding the choice of supplementary criteria, some members supported the Administrator's suggestion in DP/377 to limit supplementary criteria in the third cycle to those of LDCs, land-locked and island developing countries. Such criteria were simple, objective, easy to apply and took account of the special problems defined by other international forums. Some members considered that such criteria should be given greater importance, relative to basic criteria, than as indicated in DP/377. Some members stated that the choice of such supplementary criteria was essentially arbitrary. It was restrictive in that it did not reflect other fundamental needs and so did not provide for a proper differentiation of actual development problems.

179. Members suggested other supplementary criteria which might be considered:

a physical quality of life index; the share in GNP of manufactured goods; the share in GNP of exports; debt burden; trade deficit; life expectancy; school enrolment; government dedication to income redistribution; small island economies; extent to which the Government was making structural changes to assist the poor; housing deficit; unemployment rate; multiplier effect of UNDP programmes; and absorptive capacity of countries to use UNDP and other technical co-operation resources (as measured, in the case of UNDP, by the amount of the country's counterpart earmarkings).

180. Several members suggested the continued use in the third cycle of the six supplementary criteria agreed to for the second cycle (see DP/377 (Part I), foot-note 11).

181. The Administrator referred to the suggested use of the criterion of the performance of individual developing countries with regard to their ability to improve the living conditions of their poor. A member had explained that, as he saw it, the political and psychological significance of this criterion made the administrative burden of its application worthwhile. The Administrator appreciated the importance and the delicacy of the equation involved, and hoped that the implementation difficulty would be carefully assessed before the choice of this particularly sensitive criterion reached the stage of intergovernmental agreement.

182. Some members considered that the continued use in the third cycle of the floor criterion violated the principle of progressivity in the interests of continuity. The effect of using the floor criterion (by which a third cycle country IPF cannot be below its second cycle value, regardless of the calculation of IPF on the basis only of income and population and supplementary criteria) had been to diminish the share suggested in DP/377 for countries in the \$250-\$500 per capita GNP category. The criterion had allowed one third of the countries subject to the floor to double their IPFs as otherwise calculated. The suggested inflation adjustment factor only added to the problem, and, as a consequence, they did not favour these suggestions. Several other members maintained strongly the need both for the floor concept and for an inflation adjustment factor that would maintain the real level of previous IPFs.

183. Regarding the ceiling criterion (which would restrict the third cycle IPF of a country above the chosen ceiling value of per capita GNP to its second cycle value, irrespective of basic and supplementary calculations), some members insisted that its use discriminated against a particular group of countries, violating the principles of universality and equity, simply because these countries had relatively higher incomes. They considered that countries at higher income levels, ready for socio-economic take-off, had a great need for technical co-operation and were in a good position to use it fully and effectively. Some members strongly favoured the use of the ceiling criterion. Inquiry was made of the rationale of applying the ceiling only to those countries above \$2,000 in the third cycle when it was applied after \$700 in the second cycle. Some members wanted to extend the third cycle application to countries above either \$1,000 or \$1,500; or somewhere in between \$1,500 and \$2,000.

184. Some members stated that there should be a cut-off or a voluntary relinquishment of IPFs by countries with a per capita GNP above a certain level. In the interests of universality, however, and given the need of these countries for continued technical co-operation, assistance might be given on a fully reimbursable basis.

185. The Administrator stated that he did not think that it was realized that the ceiling criterion had been a weak influence in the second cycle. Set at \$700 in the second cycle, it produced a so-called "saving" for only three countries. The preliminary choice of \$2,000 for the third cycle in DP/377 was designed to make this criterion somewhat stronger than in the past and it achieved "savings" in IPFs in respect of nine countries. Even so, the amount of resources "saved" was only \$14 million. At a ceiling value of \$1,500 instead of \$2,000 only one other country would be involved and the additional "saving" would be under \$2 million. With a ceiling of \$1,250, only three more countries would be involved with a further saving of less than \$2 million. The Administrator outlined these results because the Council had never had an adequate opportunity to consider the actual importance of the ceiling criterion. The fact was that in the upper ranges of per capita GNP, most countries were "floor" rather than "ceiling" countries, by more than 2 to 1. The typical amount of the individual country IPF that was "saved" by the ceiling was quite small, some \$1.5 million. When such figures were set against an aggregate country IPF of \$3.8 billion, they appeared truly modest. The Administrator stressed that he would be happy with any decision of the Council on the ceiling, but pointed out that this criterion did not have the substantial effect which some members might think.

Intercountry IPFs

186. With respect to the future allocation of IPFs between country and intercountry programmes, several members supported the Administrator's suggestion in DP/377 of an increased share for intercountry IPFs, if not of the exact shares he proposed. Several members, however, felt that there should be no shift away from country IPFs. The Consensus had established a ratio of 82 per cent to 18 per cent and the trend of reducing the country IPF share was not welcomed.

187. Some members supporting the increased share for intercountry IPFs linked it with decisions taken at the United Nations Conference on Technical Co-operation among Developing Countries, held at Buenos Aires from 30 August to 12 September 1978; i.e., that TCDC should be increased and that intercountry projects were a suitable vehicle. Other members pointed out that TCDC was meant to be in addition to, not in place of IPF, and that TCDC was to permeate the entire programme, not to focus only on intercountry projects.

188. Concerning the distribution of the total resources available for regional IPFs, some members suggested that they should be distributed proportionally according to the totals of suggested third cycle country IPFs for each region. Other members stated that the third cycle shares of each region in the total available for regional IPFs should be the same as for the 1977-1981 cycle. Several members felt that it should be the least developed and other low income countries that should get the maximum benefit from the larger amount suggested by for intercountry IPFs. Several members commented that it was the middle and more advanced developing countries that tended to be the main beneficiaries of such projects.

189. A member indicated that the need for greater emphasis on regional UNDP activities stemmed also from the plans of action of an increasing number of world conferences. In the near future there would be the United Nations Conference on Agrarian Reform and Rural Development, the United Nations Conference on Science and Technology, third General Conference of UNIDO and the special session

of the General Assembly devoted to international economic co-operation. Ideas advanced during these conferences would have to be taken into account in the UNDP third cycle.

190. One member stated that intercountry projects should be monitored and evaluated by the regional commissions. Other members considered that intercountry projects would be useful in developing collective self-reliance among countries.

191. The Administrator noted the strongly divergent views on the suggestion in DP/377 for an increase in the share of total IPFs directed to intercountry activities, and added that the nature of the discussion on this matter stimulated him to underline that intercountry activities directly benefited the developing countries themselves, and much that they accomplished directly benefited the poorest countries and the poorest people. He mentioned, for example, the aquaculture development project; the international rice programme; the river blindness control programme; the expanded programme for child immunization; and the special programme for labour-intensive public works. Intercountry and country activities were typically complementary, rather than competitive.

Transitional arrangements

192. The Council discussed the proposal concerning transitional arrangements set forth in DP/377 and in the Administrator's introduction, i.e., that he be authorized by the Council to indicate tentative programming figures to selected countries undertaking country programming exercise extending into the third cycle so that they would be able to plan on a realistic basis. Some members indicated their support for such an approach.

Multi-year pledging, etc.

193. In the discussion of multi-year pledging, members referred also to the need for more equitably shared financial responsibility, net contributor status and non-convertible currencies.

194. Most members agreed that the idea of multi-year pledging deserved serious consideration, and several members strongly supported the concept. Some members expressed reservations based on the constitutional regulations of their Governments and had doubts concerning the necessity of such a procedure. Other members also expressed their reservations as to its need, pointing out that there was not enough evidence of the likelihood of a sudden downward movement in the level of pledges to UNDP, and that there might be disadvantages in a multi-year pledging system in the form of a loss of flexibility and a tendency of national parliaments to advocate a conservative attitude when engaged in forward planning. Other members contended, in the light of experience in forward pledging for IDA and some other multilateral development institutions, that budgetary restraints would be overcome. While some members felt that a move towards some form of multi-year pledging could be made if the major donors accepted the concept, several members maintained that the undertaking should be universal, including all donors. One member presented the idea of the feasibility of co-ordinating the pledging cycles of the three major sources of voluntary multilateral development funds, IDA, IFAD and UNDP. The Administrator noted that this matter had been considered in the Development Committee of the World Bank/IMF. His initial reaction was, on balance, a cautious one; but he stated that UNDP would continue to review the potentialities of this idea.

195. Several members linked the issue of multi-year pledging closely with the idea of a more equitably shared responsibility for financing the Programme, and some members considered that these two issues were inseparable. While some members felt that they were doing their fair share in financing the Programme, several other members stated that the pattern of voluntary contributions to UNDP would have to change. These members considered that too large a part of the financial burden rested upon a few contributing countries, and that countries whose capacity to contribute had been growing should come forward as major donors.

196. Several members expressed a view that sharing in UNDP's resource base should be the responsibility of the recipient countries as well. One member wanted to see the assessed programme costs reintroduced. Several members urged the upper-income recipient countries to increase their contributions considerably and attain a significant net contributor status. In addition, it was maintained by several members that all contributions should be made in readily usable and convertible currencies. Another member, however, pointed out that in view of the voluntary and universal principles on which UNDP was based, Governments themselves had the right to determine the size and periodicity of their contributions to the Programme.

197. Several members expressed their willingness to participate in further studies on multi-year pledging and related issues. One member invited the Administrator to initiate informal contacts with Governments to determine whether there was a general readiness to proceed on such a basis. Another member suggested that the Administrator be requested to call a special meeting during the next year to which all donors would be invited to discuss their intentions concerning future contributions to UNDP. This suggestion gained support among some members. Another member suggested that the Administrator set up a study group to consider aspects of multi-year pledging. This suggestion was also supported by some other members.

198. In response, the Administrator stated that he had already made it quite clear that he regarded movement towards multi-year pledging as a matter of considerable importance. Accordingly, he was gratified by the wide degree of support expressed for the concept during the debate. Several ideas had been indicated as to how this matter might be further developed and he was ready to implement any decision of the Council calling on him to take the initiative.

Third-cycle planning

199. A draft decision on third-cycle planning was introduced on behalf of the countries of the Latin American region. The draft (CRP.7) called for maintaining the same percentage relationship between regions in the allocation of national and regional IPFs for the 1982-1986 cycle as in the 1977-1981 cycle; and for retaining the proportion of 82 per cent of the net disposable resources of the Programme for allocation to country programming as indicated in paragraph 25 of the annex to the "Consensus" resolution of the General Assembly (2688 (XXV)). In addition, the draft decision stated that the minimum allocation to each country in determining its IPF should be at least equal to the IPF of the last cycle, fully adjusted to correct any loss caused by inflation in that cycle. The draft decision also called on the Administrator, when determining the national IPFs for 1982-1986 to broaden the methodology previously used, with due regard given to additional criteria which in addition to population and per capita income should include the global balance of payments position, the burden of debt service, the internal multiplier effect of UNDP co-operation, and the level of social development as reflected in life expectancy and the level of literacy. While some

members expressed support for this draft, other members indicated their opposition to it. Still other members felt that it was too early in the decision-making process to take action on the proposal.

200. Another draft decision on third-cycle planning (CRP.9) was submitted on behalf of the countries of UNDP's Afro-Asian group. The draft called for maintaining and, if possible, improving the relative proportion of country to intercountry IPFs in the third cycle as compared with 1977-1981. The draft required that the share, from total country IPF resources, of those countries with GNP per capita below \$500 in 1978-1979 should be substantially above that suggested in DP/377 (Part I), especially that going to the least developed and other low income countries with per capita GNP of \$250 and below, particularly the most seriously affected, land-locked, island developing, newly independent and frontline countries, as well as those developing countries suffering from adverse climatic conditions and other inclement natural phenomena. The draft called for retaining a ceiling criterion, the supplementary criteria as in the second cycle, and the basic criteria of per capita GNP and population size for establishing individual country IPFs. Part of the funds reserved for supplementary criteria should be allocated to meet the special needs of the island and land-locked developing countries. For countries above a cut-off level, the IPF in the next cycle should be maintained to the extent needed for completion of ongoing projects.

201. This draft decision also requested the Administrator to prepare simulations based on the principles and procedures used in the second cycle subject to the modifications indicated above and including: the assumption of at least a 14 per cent compound annual growth of voluntary contributions; a cut-off applied to countries with per capita GNP above \$1,500 as estimated for 1978-1979; retention of a ceiling criterion applied to countries of \$1,000 per capita GNP and above; and channelling of at least 85 per cent of total country IPF resources to countries with per capita GNP of less than \$500 in 1978-1979.

202. The draft decision further requested the Administrator to inquire of Governments whose per capita GNP may be above \$1,000 in 1978-1979 as to their intentions of becoming significant net contributors by the end of the second cycle, and to report to the Governing Council at the twenty-seventh session on the results of his inquiries. In addition, the Administrator was requested to prepare a report on how to apply the cut-off of assistance in an orderly manner. Although the Council did not have time to have a full debate on the draft decision (CRP.9), some members expressed their opposition to it and others their support for it.

203. Subsequently, both draft decisions (CRP.7 and CRP.9) were replaced by a working paper (CRP.30) submitted on behalf of the Group of 77 members of the Council. In the Group of 77 paper the Administrator was requested to take account of the following guidelines in preparing for the third programming cycle: voluntary contributions should have an annual average rate of growth of at least 14 per cent cumulatively; and the ratio of country IPFs to intercountry IPFs should be 82:18 or more. For the purpose of this exercise only, country IPF allocations should be based on five country groupings according to the 1976 per capita GNP figures of the World Bank: i.e., group I, up to \$250; group II, \$250 to \$500; group III, \$500 to \$750; group IV, \$750 to \$1,000; and group V, above \$1,000. Seventy-nine per cent of total country IPFs should be allocated to groups I and II. Special treatment should be given by allocating higher increases to the least developed and other countries with per capita GNP of \$250 and below, and to the most seriously affected, land-locked, island developing, newly independent, frontline and

developing countries prone to adverse climatic conditions and other inclement natural phenomena. The remaining 21 per cent should be allocated to groups III, IV and V in such a way that an increase of 22 per cent over 1977-1981 IPFs should be allocated to all countries in group V; countries in groups III and IV should have percentage increases proportionally higher than group V. In addition, basic and supplementary criteria used in the second cycle should be retained for establishing individual country IPFs for the third cycle within the groups subject to the conditions established above; and part of the funds reserved for supplementary criteria should be allocated to meet the special needs of least developed, land-locked, island developing, most seriously affected and newly independent countries.

204. The Group of 77 draft also authorized the Administrator to inform Governments preparing country programmes extending beyond 1981 of tentative IPF figures for the third cycle with the understanding that these figures did not commit the Council in its final decision on 1982-1986 IPFs. The draft requested the Administrator to submit, at the twenty-seventh session, calculations both on country IPFs as based on the provisions outlined above and on the distribution of regional IPFs.

205. Several members welcomed the working document submitted by members of the Group of 77 as an important contribution to the future work of the Council. One member pointed out that, in his view, it constituted a reaffirmation of the continued validity of the Consensus. Some members stated that their support of the working document was based on a desire to see the results of the calculations called for and did not in any way commit the position of their Governments at this point.

206. In view of the lack of time to consider fully the working document, one member, on behalf of several others, submitted a draft decision (CRP.32) which was orally revised and which, as revised, met with the approval of the Council.

Decision of the Governing Council

207. At its 660th and 662nd meetings, on 27 and 29 June 1979, the Governing Council adopted decisions 79/11 and 79/23, the texts of which appear in section F of chapter XXI of this report.

VIII. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

208. Under item 14 of its agenda, the Governing Council had before it a report of the Administrator (DP/373) on progress made by the United Nations development system in the promotion of technical co-operation among developing countries during 1978, prepared in response to Governing Council decision 25/7 in which the Council requested a single synthesized analytical report reflecting the TCDC activities of UNDP, the participating and executing agencies and the regional commissions during the period under review.

209. Under item 14, the Council also had before it a report of the Administrator on proposals for strengthening the capacity of UNDP to promote and support TCDC (DP/393). The proposals concerned the appointment of an Assistant Administrator for TCDC, the appropriate strengthening of the Special Unit for TCDC which the Assistant Administrator would direct, and the use of the Programme Reserve to cover, in addition to currently authorized TCDC needs, certain other needs during the current programming cycle.

210. 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

211. In his opening statement to the Committee, the Administrator said that, as the progress report before the Council (DP/373) could not have, by the very time-table involved, provided information on action following the United Nations Conference on Technical Co-operation among Developing Countries held at Buenos Aires from 30 August to 12 September 1978, he wished to bring up to date details of TCDC activities commenced or planned by UNDP after the Conference. He explained that resident representatives, the regional bureaux, and the Division for Global and Interregional Projects had been asked to review all on-going projects for possible TCDC potential and cited an example of the results of those reviews. So far as the formulation of new projects of a TCDC character was concerned, a prerequisite was that TCDC considerations should fully permeate UNDP's Policies and Procedures Manual and, with that end in view, the TCDC element was now being infused into the Manual.

212. Other activities in which UNDP and the organizations of the United Nations development system had been engaged included checks by UNDP offices in a given region, when formulating new projects with Governments, as to whether appropriate inputs were available from other countries in the region; developing linkages between centres of excellence; and organizing meetings, symposia and round-tables to promote greater technological self-reliance and to assess problems in expanding developing country capacities. He added that, in the few months since the Conference in Buenos Aires, UNDP had formulated, in consultation with Governments, and in some cases had already launched, more than 100 new TCDC projects.

213. Turning to the work of the Special Unit for TCDC, the Administrator said that

the Unit now had a structured work-plan designed to achieve the optimal response to its mandates from the Buenos Aires Plan of Action for Promoting and Implementing TCDC 5/ and from the Governing Council. That work-plan involved research, formulation of new programming procedures and guidelines for TCDC, improvement of the Information Referral System, launching its inquiry service and preparation for the 1980 high-level meeting on TCDC. In addition to submitting a progress report to that meeting, it would prepare a study on financial arrangements for TCDC; a paper on some development problems common to many developing countries which were particularly amenable to solutions through TCDC; a report on the state of transport and communications among developing countries; and a study on networking among institutions and professional and technical associations and experience in building new development knowledge through TCDC.

214. A paper suggesting areas to which UNDP, the agencies and the regional commissions could give special attention in their efforts to improve the use of developing country capacities in their projects had been sent by UNDP to all organizations and resident representatives in January 1979. The Unit was also tackling the complex question of identifying the principal characteristics of TCDC projects. A study on criteria for evaluation of project inputs from developed and developing countries was under way. The Unit was working with the Inter-Agency Procurement Services Unit (IAPSU) on a report concerning normal import duties being included in the total cost of imported equipment and supplies, as well as on the question of the convertible currency component of equipment.

215. In another sphere, an immediate information programme to help implement the Buenos Aires Plan of Action had been launched by the UNDP Division of Information. Over 22,000 copies of the new booklet containing the Plan of Action had already been distributed world wide. In addition, the publication of a new periodical, TCDC News, in Arabic, English, French and Spanish had been initiated. With its second issue last month, circulation had risen to over 15,000 copies. On a longer-term basis, the Division of Information was building up a world-wide TCDC communication support programme which would employ all types of information media and included a feasibility study to specify actions needed to enable developing countries to transmit and receive development reportage and news about TCDC and ECDC from all other developing countries on a continuous basis.

216. Commenting on document DP/393, the Administrator explained that he had proposed the strengthening of the Special Unit because it must fall especially on the Unit to generate and support the global promotion of TCDC which the Buenos Aires Plan of Action particularly assigned to UNDP. The special responsibility for the promotion and development of TCDC assigned to UNDP warranted the location of the Special Unit in the Office of the Administrator, and its direction by an internationally respected senior official of a developing country with the rank of Assistant Administrator for TCDC. His second reason for early strengthening of the Unit was based on its responsibilities as the substantive and preparatory secretariat for the high-level meetings.

5/ Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

Summary of discussion in the Committee

217. All members viewed TCDC as a powerful instrument in the movement to establish a new international economic order and considered that the implementation of the recommendations of the Buenos Aires Plan of Action would build the collective self-reliance of developing countries and enhance their capacity for the independent development of their respective economies.

218. Since TCDC involved the sharing of developmental experience between developing countries for their mutual benefit, it was generally agreed that the primary responsibility for promoting it resided with the developing countries themselves. It was recognized, however, that developed countries could and should play a role in stimulating, and sometimes financing TCDC, as envisaged in recommendations 35 and 38 (h) of the Buenos Aires Plan of Action.

219. Several members felt that the use of non-governmental organizations in the promotion of TCDC should also be encouraged since private institutions, universities and foundations, as well as professional, technical and voluntary organizations, could often bring considerable talent together to focus jointly on common problems at little or no cost to the United States system.

220. Some members thought that the problem of attitudinal barriers was still the most important obstacle to the development and strengthening of TCDC and that UNDP should therefore focus more attention on that problem than in the past. One member observed that the strengthening of détente, and the recognition of the sovereignty of developing countries over their natural resources were also important conditions for the successful development of TCDC.

221. Several members welcomed the fact that a large number of projects of a TCDC character had, as indicated by the Administrator in his statement bringing document DP/373 up to date, been formulated or launched in implementation of the Buenos Aires Plan of Action. Some members, however, thought that it was too early after the Buenos Aires Conference to assess fully the success of projects initiated since the Conference.

222. Members recognized that the Buenos Aires Plan of Action was the most important document on TCDC since the report of the Working Group on TCDC (DP/69) in 1974. As the Plan of Action opened up new avenues for co-operation at the national, bilateral, regional, interregional and global levels, it was considered, therefore, that it should provide the framework for future progress reporting on TCDC and form the basis for the evaluation of progress. Several members suggested that the format for reporting on TCDC should no longer be patterned on the report of the Working Group, but should be revised in the light of the Plan of Action. In that context some members felt that, while the definition of TCDC offered in paragraph 5 of document DP/373 had much to recommend it, that definition was rather restricted. One member pointed out that the definition would eliminate many projects of a TCDC character which inevitably made use of substantial inputs from the developed world; for example, projects in the field of transport and communications, particularly in Africa, and in the fields of aviation and telecommunications. Another member observed that TCDC had a much wider sweep than the mere exchange of goods and services or the supply of equipment.

223. Having regard to those considerations, one member proposed that TCDC programmes and projects be more widely defined as "any programmes or projects that contribute

to the objectives of TCDC, as listed in the Buenos Aires Plan of Action". That member recognized, however, that the proposed definition had the disadvantage of making it more difficult to quantify TCDC.

224. With regard to future reporting, it was advocated that serious consideration be given by UNDP, in collaboration with the organizations of the United Nations development system, to what matters needed to be reported to the high-level meeting and what methodology should be used. It was also suggested that more emphasis should be given in future reports to activities for the promotion of self-reliance. Some members called for more information on national efforts and activities of non-governmental organizations. One member stressed the need to look at the qualitative aspects of projects and to evaluate them. A proposal which received strong support was that there should be more extensive reporting on the different problems faced in the implementation of the Plan of Action, in financing and the use of financial resources, and in promoting bilateral TCDC efforts.

225. With respect to reporting on the efforts of the organizations of the United Nations development system, it was felt that greater emphasis should be given to their financial arrangements and budgets for TCDC and also to specific problems encountered by them in implementing TCDC.

226. One member observed that, since the main responsibility for the promotion of TCDC by the United Nations system lay with one organization and for the promotion of ECDC with another, it was important that the links and co-operation between the two organizations concerned should be strong and that they should co-ordinate closely on questions of reporting in order to avoid duplication of effort.

227. Responding to the comments on progress reporting, the Administrator stated that in the light of those comments the Buenos Aires Plan of Action would henceforth be regarded as the basic framework for progress reporting, and there would be wider reporting on problems faced in the implementation of the Plan of Action, questions of financing TCDC, the promotion of mutual self-reliance and bilateral TCDC efforts.

228. All members who commented on the terms of reference of the Special Unit for TCDC set out in document DP/393 agreed on the promotional and catalytic role assigned to the Unit. Some members believed that the Unit's terms of reference should be expanded to cover the involvement of developed countries in TCDC as treated in recommendations 35, 36 and 38 of the Buenos Aires Plan of Action, and also that the Unit should play a role in the linking of non-governmental organizations in the development activities of developing countries. Others considered that the terms of reference of the Special Unit spelled out in DP/393 went beyond the scope mandated in the Buenos Aires Plan of Action.

229. One member referred in this connexion to paragraph 7 (e) of DP/393 relating to financial arrangements for TCDC and proposed that the particular term of reference be expanded to include assistance to other bodies and organizations of the United Nations system, at their request, in the preparation of changes in their financial as well as their administrative rules, policies and procedures so as to enhance their own capacities to implement TCDC.

230. One member voiced concern that the Special Unit was to work on studies when in his delegation's opinion, it was actual operational activities which were needed. Another member stated that the Special Unit should not concern itself with selecting

the priority areas for study, as this was the prerogative of Governments. The member suggested, however, that the Unit start off on the studies indicated in recommendations 19 and 30 of the Buenos Aires Plan of Action which concerned, respectively, the promotion of complementary industrial and agricultural projects at the subregional and regional levels and the strengthening of transport and communications among developing countries.

231. The Administrator differed with those delegations which had suggested that the Special Unit's terms of reference as set out in paragraphs 7 to 13 of DP/393 were in excess of those envisaged by recommendation 34 of the Plan of Action. He said that, in an attempt to provide the Council with the maximum information on the workload of the Unit, assignments which were only briefly described in the Plan were fully elaborated in DP/393. He referred to research, studies and analyses and activities to facilitate financial arrangements for TCDC, cited in paragraph 7, and explained that those functions were drawn directly from recommendation 34 (b), which spoke of developing "new ideas, concepts and approaches" for TCDC and for that purpose "arranging for the necessary studies and analyses to be undertaken and submitted to Governments" at the high-level meetings. Recommendation 32, subparagraph (d) was along the same lines. Again, under recommendation 37, subparagraph (d), the high-level meetings were to consider the availability of financial resources and their effective use by the system; and in recommendation 38, subparagraph (f) the system was urged to "explore additional sources of finance for TCDC projects and activities". It was the Special Unit which in recommendation 34, was assigned the task of servicing the high-level meetings in all those respects. The functions in recommendation 34 had been assigned to the Unit as that recommendation stated unequivocally that the Unit should be strengthened in order to assist the Administrator to carry out those functions. Further, that recommendation explicitly stated that the Special Unit should continue to perform those functions already assigned to it in DP/69. Those, too, had been included in the description of functions in paragraphs 7 through 13 of DP/393.

232. The proposals to strengthen the Special Unit to enable it to carry out the activities described in its terms of reference and to appoint an Assistant Administrator at the Assistant Secretary-General level to head it were the focus of considerable discussion. Some members felt that the extra resources requested for the purpose were modest when compared with the potential return to be gained from an acceleration of TCDC through the speedy implementation of the Buenos Aires Plan of Action. Others had reservations on the strengthening of the Special Unit because they feared the danger of a swollen bureaucracy and the splitting up of normal UNDP and TCDC development activities. Some members expressed the view that a decision on the strengthening of the Unit at that stage would be premature. They called for further clarification on the workload involved and the number and level of staff needed to perform it. They felt that by the time of the high-level meeting more experience on the workload would have been acquired. Some members considered that a doubling of the staff was, in any event, not justified at the present time.

233. Several members supported a limited increase in staff, especially at the Professional and General Service levels. The engagement of two persons to work on INRES had support. A suggestion was made that the Administrator should present different options for the Committee's consideration.

234. Some members considered that there was a need for a senior official at the Assistant Secretary-General level to head the Special Unit particularly in view of

the political and promotional roles involved. Others did not support such an appointment and expressed the view that the Special Unit should remain directly under the Administrator himself. One member suggested that, if it were considered necessary to make this appointment, the Administrator should explore the possibility of utilizing for the purpose one of the seven posts at Assistant Administrator level already approved as indicated in table E of the report of the Administrator on budget estimates for 1980-1981 (DP/396, p. 18).

235. In his response, the Administrator first addressed himself to the comments that the strengthening of the Special Unit would be premature as it was too soon after the Conference to assess the need for those capacities. He said that it would have been a dereliction of his duties, as assigned to him in the Plan of Action and by the General Assembly, to defer strengthening those capacities until after the high-level intergovernmental meeting in 1980. As regards the proposal to have the Special Unit headed by an Assistant Administrator, he felt that the appointment of an internationally respected senior official from a developing country with that rank would provide the appropriate level of promotional and catalytic impact needed for the vigorous implementation of the Plan of Action. He emphasized that the proposal did not imply an intention to create a TCDC bureaucracy and that there was no likelihood of such an appointment generating a bureaucracy, as the operational responsibility for TCDC lay with the regional bureaux, the Division for Global and Interregional Projects and the resident representatives.

236. The Administrator then assured the members of the Committee that very careful consideration had been given to the calculation of 8 posts at the Professional level and above as the minimum requirement to enable the Special Unit to perform the many tasks assigned to it, as well as the additional onerous function of servicing the high-level meeting. He pointed out that there had been 11 Professional staff members in the secretariat of the United Nations Conference on TCDC, including the staff of the Special Unit, and that he was asking for 3 fewer posts. He had reassigned certain staff members to the Special Unit on a provisional basis pending Governing Council authorization, so that the present provisional staff resource of the Unit was 8, with the Director of the Division of Information assisting the Deputy Administrator in the operations of the Unit. Without that strength it would have been impossible to begin preparations for the 1980 high-level meeting.

237. The Administrator then observed that, while the level of voluntary contributions to UNDP had risen from \$406.1 million in 1975 to \$596.2 million in 1978, an increase of 47 per cent, or 22 per cent in real terms, and programme delivery for the same period was correspondingly higher, headquarters' staff had been reduced from 702 in 1975 to 625 in 1978. One of the two posts of Deputy Administrator had also been eliminated.

238. A few members asked whether the budgetary request for consultants' services in 1980-1981 was not too high. In that connexion, one member, who also spoke on behalf of two other members and one observer, asked for information on the skills required for the undertakings involved and also on whether those skills were not already available within UNDP. The Administrator pointed out that the budget level for consultants submitted for 1980-1981 was the same as that authorized for 1979-1980 with only a standard inflation factor added.

239. Answering another question on whether the proposals for strengthening UNDP's capacity to promote TCDC and implement the Plan of Action might not involve

questions of duplication of effort and some element of interorganizational competition, the Administrator said that the Plan of Action clearly assigned to UNDP a set of special responsibilities at the global level. UNDP had a clear record of avoiding all competitive syndromes.

240. The proposal to use funds from the Programme Reserve for certain TCDC activities engaged the attention of many members. Some supported the use of such funds for TCDC, especially as this would have the advantages of flexibility and swiftness of action. Others found the use of the Programme Reserve for TCDC activities problematic as the Governing Council had already determined the framework for use of the Reserve. One member, speaking on behalf of the eight countries belonging to the Permanent Inter-State Committee for Drought Control in the Sahel, expressed concern that the use of such funds for TCDC would detract from funds available for other important activities particularly in least developed countries. He wondered whether funds for TCDC could not be obtained largely through voluntary contributions. Another member speaking on behalf of a group of delegations, asked for a summary of the different requests that had been made to draw on the Programme Reserve.

241. Many members believed that additional funds for TCDC should be derived from the regional and national IPFs. In this connexion one member pointed out that he had learned that a Government had allocated 10 per cent of its national IPF for TCDC activities and felt that such action should be encouraged. A representative of the Government in question, participating in the meeting in an observer capacity, confirmed his Government's action, but suggested that the question of the percentage of a national IPF to be used for TCDC should depend on each Government's perception of its own priorities. The Administrator thanked members for their useful comments on the use of IPFs and the Programme Reserve for TCDC activities and said that, where IPF financing was not available, he proposed, subject to the Governing Council's authorization, to draw upon the Programme Reserve for financing such activities up to an amount of \$2 million.

242. The representative of UNIDO outlined the various measures which his organization had taken after the adoption of the Lima Plan of Action on Industrial Development and Co-operation ^{6/} and the Buenos Aires Plan of Action to explore additional sources of financing and to promote multilateral and bilateral TCDC. He pointed out that the Solidarity Meeting of the Ministers of Industries for Co-operation in the Industrial Development of the Democratic Republic of Afghanistan organized by UNIDO in co-operation with ESCAP, which was held at Kabul from 14 to 17 May 1979, had recommended that, in the case of developing countries which had expertise and training facilities to offer to other developing countries but found it impossible to share the external costs in foreign exchange, a system should be evolved whereby such costs were met by third parties or multilateral development organizations.

243. The representative of WHO said that his organization saw TCDC as an essential mechanism in the efforts of his organization to "bring health within the reach of everybody by the year 2000." To achieve the latter, WHO was concentrating on evolving a basic strategy of primary health care with member States. TCDC was a fundamental mechanism for the implementation of that strategy. An item entitled "TCDC in the field of health" had been included in the agenda of the last World

^{6/} See A/10112, chap. IV.

Health Assembly. The Assembly had recognized the need to move from conceptualization to implementation and, to that end, the country programmes of UNDP could be employed at the subregional, regional and interregional levels.

244. With regard to the future of the Sessional Committee on TCDC, it was generally felt that, since the high-level intergovernmental meetings would be taking over the responsibilities of the Committee, the Committee had discharged its mandate and therefore the present meeting should be its last. In future sessions of the Governing Council, TCDC should remain an item on the Council's agenda without any sessional committee assigned to discuss it.

Consideration by the Budgetary and Finance Committee

245. A draft decision proposed by the Committee on TCDC was referred to the Budgetary and Finance Committee for review of the financial implications involved. The Budgetary and Finance Committee subsequently recommended that the draft decision be amended.

Decision of the Governing Council

246. On the recommendation of the Committee on TCDC, and taking into account the proposed amendments of the Budgetary and Finance Committee, the Governing Council, at its 663rd meeting, on 29 June 1979, adopted decision 79/29, the text of which appears in section G of chapter XXI of this report.

IX. UNITED NATIONS SUDANO-SAHELIAN OFFICE AND ASSISTANCE TO
DROUGHT-STRICKEN COUNTRIES IN AFRICA AND ADJACENT AREAS

A. UNITED NATIONS SUDANO-SAHELIAN OFFICE: IMPLEMENTATION
OF THE MEDIUM-TERM AND LONG-TERM RECOVERY AND REHABILITATION
PROGRAMME IN THE SUDANO-SAHELIAN REGION; AND IMPLEMENTATION
OF THE PLAN OF ACTION TO COMBAT DESERTIFICATION IN THE
SUDANO-SAHELIAN REGION

247. For consideration of item 9 (a) of its agenda, the Governing Council had before it the Secretary-General's report on the implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region (DP/394), and the Administrator's report on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region (DP/395). The Secretary-General's report provided information on the efforts of the United Nations Sudano-Sahelian Office (UNSO) to assist the eight countries of the Sahel and their regional organization, the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) in their rehabilitation and development programmes. The report also described the additional activities undertaken by UNSO under its enlarged mandate to support the Sahelian countries' efforts to combat desertification.

248. The Administrator's report, submitted in response to part II of Governing Council decision 25/10, contained information on the expansion of UNSO as a joint UNDP/UNEP venture to co-ordinate the efforts of the United Nations system to assist the 15 countries of the Sudano-Sahelian region, on behalf of UNDP, in the implementation of the Plan of Action to Combat Desertification. 7/ It gave an account of action by other organizations in the United Nations system and the work achieved by UNSO.

249. The Director of UNSO stated that the number of priority projects for which UNSO assistance had been requested stood at 108 (24 regional, 84 national), requiring an investment of \$550 million. Financing of approximately \$300 million from bilateral or multilateral or Trust Fund resources had been confirmed. Of the \$300 million mobilized, the United Nations Trust Fund for the Sudano-Sahelian Activities provided about \$54 million for 45 of the priority projects, of which 20 had been completed. The UNSO resource mobilization efforts had been given new impetus following the visit in September 1978 of the President of the Gambia, the current Chairman of the CILSS Heads of State Conference, who expressed his satisfaction with the results achieved by UNSO and conveyed to the Secretary-General the wishes of the Governments of the region that UNSO continue its collaborative activities.

250. The Director said that UNSO's working methods had been designed to facilitate flexibility and speed in responding to the changing needs and priorities emerging from the new economic conditions in the Sahelian countries, and to give special emphasis to the strengthening of national capabilities to implement projects under

7/ A/CONF.74/36, chap. I.

a system of full fiscal accountability. He pointed out that of the 36 national projects implemented with UNSO financing, 21 were government executed or were carried out by government force account arrangements. The Director also noted that his office continued to monitor the implementation of projects financed from Trust Fund sources. In this connexion, quadripartite evaluations of these projects had again been scheduled for 1979, and major contributors to the Trust Fund had been invited to participate.

251. The Director also referred to the close working relationship with CILSS and affirmed that his office would continue to work closely and vigorously with its member States and with CILSS itself in support of their rehabilitation and development efforts.

252. Regarding the report of the Administrator on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region, the Director stated that, while the main responsibility within the United Nations system for implementation of the Plan rested with UNEP, the problem of desertification was also of concern to UNDP in view of its bearing on development. He noted that in recognition of the importance of relating two principal responsibilities of the United Nations - development and the protection and enhancement of the environment - UNDP and UNEP had agreed to sponsor and support the expansion of UNSO to assist, on behalf of UNEP, the 15 countries of the Sudano-Sahelian region in their desertification control activities. The Director said that UNSO had received financial resources for both institutional and programme support in 1978 and 1979 from UNDP and UNEP under a cost sharing arrangement. He also proposed that institutional support for the years 1980-1981 should be aimed at strengthening the joint venture at its current level with only minor modifications, if any.

253. The Director reported that as part of its planning and programming functions, UNSO had held several meetings with the concerned organizations of the United Nations system. In addition, in consultation with the countries of the region, a series of planning and programming missions had been conducted by UNSO in each of the countries, with the exception of Uganda and Chad. These missions, in which technical experts from relevant agencies of the United Nations system participated, had the purpose of reviewing and discussing with the individual Governments their national policies, plans, programmes and projects, and to identify those specific programmes and projects for which UNSO assistance might be requested. He also noted that these planning and programming activities were an essential initial step of a continued and sustained programme of assistance which would be pursued through consultations between the Governments of the region, UNSO and the sources of financing. The Director also noted that for the period 1980-1981, additional programme support funds would be required for: the refinement of project proposals identified by Governments during the planning and programming missions; institutional support to national planning authorities in the preparation and monitoring of the implementation of national plans for combating desertification; the dissemination of information on the application of existing technologies and on innovative techniques, including methods for promoting popular awareness and participation through seminars, workshops, and fellowships for policy and decision makers; direct support to training and research institutions; and, possibly, the design and initiation of pilot projects.

254. The Director went on to stress the need for co-ordinated efforts in view of the interrelationship between desertification control and the development process.

He also emphasized the importance of collaboration with UNSO of resident representatives in working closely with Governments to elaborate national policies on desertification control, to identify and formulate anti-desertification programmes and projects, and to encourage the provision for desertification control measures in development planning. In this connexion, the Director gave an account of the meeting convened by UNSO in Dakar from 30 May through 1 June 1979 with the UNDP representatives in the countries of the Sudano-Sahelian region and with the United Nations system organizations concerned. The meeting provided an opportunity for an exchange of information on the causes and consequences of desertification in the region, individual national experiences, and the most effective way in which UNSO could carry out its new responsibilities through collaborative action with the Governments and the resident representatives.

255. Concerning co-ordination at the regional level on desertification control matters, the Director made further reference to his meeting of 3 May 1979 with the CILSS Minister Co-ordinator and Executive Secretary at which a practical system of collaboration for the planning of regional activities for afforestation for energy and combating desertification in the Sahel was agreed upon. In addition, he noted that UNSO was participating actively in the planning efforts of the CILSS working group on ecology and forestry. He also mentioned that consultations with other regional organizations involved in river and lake basin development had taken place, and that co-operative arrangements were being developed with the Organization for African Unity and the Economic Commission for Africa to assure mutual support and co-ordination.

256. The Director also observed that parallel to its planning and programming efforts, UNSO had initiated resource mobilization activities, and had arranged, at the request of the Governments of Cape Verde and Senegal, for the financing of an anti-desertification project in each of these countries through the contributions of the Governments of the Netherlands and Ireland. He also stated that UNSO would further intensify its resource mobilization efforts on the basis of projects which had been identified by the planning and programming missions.

257. The Director of UNSO stated that strong emphasis should be given to the application of the experiences gained in other countries in dealing with the desertification problem through an extensive utilization of the TCDC concept. The Director pledged that UNSO, with this perspective, would make every effort to fulfill its responsibilities in the area of desertification control.

Summary of the discussion

258. Members of the Council expressed appreciation for the information contained in documents DP/394 and DP/395. They expressed similar appreciation for the statement of the Director of UNSO, which had provided additional information on UNSO's activities. All speakers endorsed the efforts of UNSO in respect of both its mandates and expressing strong satisfaction with the achievements of UNSO in assisting the Sahelian countries in their rehabilitation and development programmes. One member, speaking on behalf of the eight States members of CILSS, expressed gratitude to UNSO for its continued and practical commitment to overcoming the consequences and prospects of drought in the Sahel. He noted that UNSO was involved in implementing 110 national and regional projects in the Sahel, with a total cost of over \$550 million. Over \$295 million had been secured towards the

over-all costs of the projects, all of which were geared towards the immediate advantage of the rural populations.

259. He observed that considerable success had been achieved in the campaign to rehabilitate the Sahel from the effects of drought and to accelerate socio-economic development for the peoples of the region; but much more remained to be done. He said that the most serious constraint on the road to recovery was the lack of an adequate transport and communication network. He endorsed, therefore, the objectives of the Decade for Transport and Communications in Africa. He also said that UNSO had proven its ability to assume its additional desertification control responsibility. Other representatives of the Sudano-Sahelian countries supported these observations. One member said that the problem of combating desertification had been engaged for many years, and pointed out that the control of water had the highest priority in the drought-stricken areas.

260. This same member stated that UNSO had been effective in obtaining necessary funds and completing projects, and that its assistance had been important in finding new sources of financing. Several other speakers also commented favorably on the co-operative and collaborative efforts of UNSO and CILSS as well as on UNSO's resource mobilization efforts. Members stated they would like to see UNSO's work increased and one, specifically, said that UNSO should utilize UNDP resources, particularly those of the United Nations Revolving Fund for Natural Resources Exploration, the United Nations Capital Development Fund and the United Nations Fund for Population Activities.

261. There was unanimous expression for UNSO's continuing and intensifying its activities in assisting both the rehabilitation and development programmes in the Sahel and in assisting the countries of the region in the implementation of the Plan of Action to Combat Desertification. With respect to the latter mandate, all speakers hoped that UNDP would continue to support the joint venture with UNEP and that the Council would adopt the draft decision proposed by the Sudano-Sahelian States.

Decision of the Governing Council

262. At its 661st meeting, on 28 June 1979, the Governing Council, following consideration by the Budgetary and Finance Committee of the financial implications involved, adopted decision 79/20, the text of which appears in section H of chapter XXI of this report.

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

263. For consideration of item 9 (a) of its agenda, the Governing Council had before it a report of the Administrator (DP/400) on assistance to drought-stricken countries in Africa and adjacent areas. The Assistant Administrator and Regional Director for Africa emphasized that the report was based on information received as of end-1978. He brought to the attention of the Council recent developments in the situation of most countries described in the report.

264. Referring to information which was not available when the report was prepared, the Assistant Administrator also drew the attention of the Council to the situation

in Botswana and in Sao Tome and Principe, two other countries affected by drought during the last few months.

265. Referring to the food supply situation in the eight Sahelian countries, based on information provided by WFP on 9 May 1979, the Assistant Administrator stated that no multi-donor mission had been sponsored in 1978-1979 as none had been requested by FAO/WFP. He underlined that this was an indication that shortages of food, as predicted, were not of the same magnitude as in recent years, although it was clear that Cape Verde would again face serious shortages, and that Mauritania would require emergency aid.

266. The Assistant Administrator mentioned that according to indications given by WFP in May, 1979, food needs and status of pledges for States members of CILSS were as follows: assistance required to cover Cape Verde's deficits amounted to 37,000 tons of cereals and 6,650 tons of beans, of which 15,000 tons of cereals and 3,000 tons of beans should be provided to the Government before end of 1979; Chad's net cereals deficit uncovered by stocks on hand amounted to 39,000 of which only 5,000 tons of millet and sorghum had been pledged by early May, and the need for emergency food aid may prove higher in view of the civilian disturbances in that country over the last several months. The Gambia's needs for cereals amounted to 20,000 tons; the initial needs expressed by the Government of Mali in December 1978 had been reduced as a result of a harvest better than expected; the cereal deficit of Mauritania was expected to range from 37,000 to 47,000 tons, of which 10,000 tons of wheat had been delivered in March and April by WFP; the Government of the Niger estimated food needs at 30,000 tons and required an additional 50,000 tons for security stocks; the Government of Senegal initially indicated the need for emergency aid of 41,000 tons of cereals to cover deficits in the Northern Fleuve region and Western seaboard districts. However, the latest information indicated a surplus production of over 100,000 tons of millet in other parts of the country. An FAO/WFP mission visited the Upper Volta in April 1979 and concluded that the total deficit of cereals uncovered by stocks on hand amounted to 36,300 tons, which so far had been met by tentative pledges. The mission felt, however, that 30,000 tons of cereals were needed as security stocks, of which 12,000 tons had not yet been pledged.

267. Regarding Ethiopia, the Assistant Administrator mentioned that according to WFP's first quarterly report for 1979, the initial surveys of the 1978/1979 harvest indicated an increase of about 5 per cent over last year's harvest. While indicating that there was, as in previous years, a plethora of conflicting data and views about the over-all food supply situation in the country, the Assistant Administrator emphasized that an estimated 4 5 million people were to be potentially affected by food shortages.

268. As far as the other countries mentioned in document DP/400 were concerned, the Assistant Administrator indicated that nothing further could be reported at this stage.

269. With regard to the situation in Botswana, the Assistant Administrator stated that in mid-May 1979 the Government called the attention of the organizations of the United Nations system to the forthcoming food shortage due to insufficient rainfall which affected last year's harvest. The Government believed that from the beginning of September 1979 the food aid requirements for the country would increase up to June 1980, the most difficult period most likely being January 1980.

The cereals deficit was estimated by the Government at 80,000 metric tons and it was feared that the situation of livestock, an important input to the economy of the country, would not improve if the September 1979 rainfall proved to be unsatisfactory. The Government also needed 25 lorries for the distribution of food-stuffs. The Government had organized a meeting on 6 June 1979 with local representatives of the donor community to inform them of the current situation and of action it had taken. The UNDP Resident Representative had reported on measures taken and planned by the United Nations system. The Assistant Administrator informed the Council that as he would be representing UNDP at the Conference for the Co-ordination of Aid to the Front Line States, scheduled to take place in Arusha from 2 to 4 July, he would take the opportunity to discuss with the Government of Botswana and other sources of aid the additional assistance required to respond to the needs created by the drought in that country.

270. During his visit on 24 and 25 April 1979 to Sao Tome and Principe, the Government had informed the Assistant Administrator of the drought situation subsequent to the shortage of rainfall in 1978. The country's main crop, cacao, had suffered great losses, production having fallen from 7,368 to 5,191 tons. The resulting losses for the country's economy were estimated at \$8 million. Other agricultural production (palm kernels, corn, rice and pimentos) had also suffered from insufficient rainfall and from attacks by various pests.

271. In concluding, the Assistant Administrator stressed that in view of the persistence of the drought in Africa, as well as its extension to countries outside the Sudano-Sahelian zone, UNDP intended to launch in 1980 a special programme continuing through 1986 for the protection and development of areas threatened by drought and desertification. He also reaffirmed UNDP's pledge to actively support UNSO through the Regional Bureau for Africa in carrying out its prime mandate of assistance to Sahelian countries and in discharging its expanded responsibilities regarding the implementation of the Plan of Action to Combat Desertification in the 15 countries of the Sudano-Sahelian region.

Summary of the discussion

272. All members speaking on the subject noted with appreciation the report contained in document DP/400 and the statement of the Assistant Administrator.

273. Recalling that the President of the Gambia was currently the Chairman of the CILSS Council of Heads of State, the representative of the Gambia spoke on behalf of all CILSS member countries. He expressed his gratitude to UNDP and to UNSO for their continuous efforts in assisting the Sahelian countries to attain their objectives of food self-sufficiency as a goal to self-sustained development. He hoped that efforts would continue in order to meet the needs of the Sahelian countries as defined in the CILSS first Generation Programme. He also appealed for measures to be taken to give special assistance to the Republic of Cape Verde, to Chad and to Mauritania during their present crisis of food shortage. He proposed in addition that greater co-ordination should be instituted between action taken against drought and desertification on the one hand and efforts to combat natural disasters on the other.

274. One member expressed concern over the extension of the desert despite the commendable efforts made by the international community and hoped that these efforts would be strengthened. He called the attention of the Council to the

appeal reiterated at the Eleventh Meeting of the Council of Ministers of CILSS in Dakar on 8 and 9 June 1979 for urgent assistance to Cape Verde, Mauritania and Chad.

275. Members of the Council took note with satisfaction of the progress made towards integrated development through such regional projects as Development of the Senegal River and the Agrhymet Programme.

276. Several members expressed appreciation of the continuous efforts of the Sahelian countries in developing subregional co-operation, thus encouraging the TCDC process and the mobilization of international assistance, in particular through the Sahel Club.

277. Several members of the Council noted with satisfaction the catalytic role played by the organizations of the United Nations system in mobilizing resources for the affected countries, and expressed the wish, moreover, that the United Nations family be given a co-ordinating role for action leading to the integrated development of countries in the region.

Decision of the Governing Council

278. At its 660th meeting, on 27 June 1979, the Governing Council adopted decision 79/12, the text of which appears in section H of chapter XXI of this report.

X. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 33/135 ON
THE ROLE OF QUALIFIED NATIONAL PERSONNEL IN THE SOCIAL
AND ECONOMIC DEVELOPMENT OF DEVELOPING COUNTRIES

279. With regard to item 15 of the agenda the Administrator informed the Governing Council that in resolution 33/135 the General Assembly called on the Secretary-General, in co-operation with the Administrator and with the assistance of the organizations of the United Nations system, to undertake a study on the training and the enhanced role of qualified national personnel in developing countries. Subsequently, the Director-General for Development and International Economic Co-operation had designated UNDP as "lead organization" and had requested the Administrator, in consultation with the organizations of the United Nations system, to prepare the report on this subject.

280. The Administrator said that in view of the short time available, paragraph 4 of resolution 33/135 had been interpreted to mean that only a progress report would be prepared for the thirty-fourth session of the General Assembly. The report (DP/409) contained an outline for the full study which would be submitted by the Secretary-General to the General Assembly at the thirty-fifth session through the Governing Council and the Economic and Social Council.

281. Members of the Council expressed agreement with the proposed procedure. They also approved the outline for the full study contained in the Administrator's report.

Decision of the Governing Council

282. At its 660th meeting, on 27 June 1979, the Governing Council adopted decision 79/13, the text of which appears in section I of chapter XXI of this report.

XI. UNITED NATIONS VOLUNTEERS

283. For consideration of item 10 of its agenda, the Governing Council had before it a report of the Administrator on the United Nations Volunteers (DP/376).

284. In his introduction, the Administrator of UNDP observed that the UNV programme, as a result of its Co-ordinator's dynamic and creative leadership, qualified as a major component of the multilateral development effort. He expressed the hope that members of the Council would assist UNDP in making UNV even more effective in the future.

285. In his introductory statement, the Co-ordinator reported that the number of United Nations Volunteers had reached 520, surpassing the figure of 500 projected for the end of 1979. These volunteers were serving in 68 countries and represented more than 50 developing and industrialized countries. Fifty-eight per cent of the volunteers were in least developed and newly independent countries, and 70 per cent were nationals of developing countries.

286. In describing the growth of UNV, the Co-ordinator stressed the organization's distinctive character which combined voluntary commitment and professional expertise. He noted UNV's increasing involvement in the field of Domestic Development Service (DDS) and reported on some of the most recent developments stemming from the UNV Workshop on DDS in the Asia and Pacific Region, held in Kuala Lumpur in November 1978. A project for UNV assistance to DDS activities in the region had been approved for financing by UNDP. Two consultants have completed their missions, and several components of the project would begin operations this year.

287. The Co-ordinator also noted that at a project evaluation meeting in Santo Domingo in May, senior officials of the nine Governments participating in the Latin American Regional Project for the Promotion of Youth Participation in Development had called for the continuation of UNV's involvement in the project's second phase of implementation. The meeting was inaugurated by the President of the Dominican Republic, and the Presidents of the Republic of Colombia and of the Republic of Venezuela sent official statements of support. A number of participating Governments had earmarked national funds for the project's activities.

288. A number of countries were participating for the first time in UNV activities, the Co-ordinator reported, and several new programmes were being planned or implemented by UNV. Among these were a transmigration programme in Indonesia, and new volunteer programmes in Bhutan, Guinea-Bissau, Sao Tome and Principe, Comoros, Sri Lanka, the Syrian Arab Republic, Kenya and Uganda. In addition, UNV had recently begun to collaborate with UNCDF, UNFPA, ITC and other United Nations bodies on programmes involving the use of volunteers.

289. The Co-ordinator observed that despite the programme's marked growth over the last two years, several constraints continued to hinder the greater expansion of the UNV programme. He emphasized the difficulties arising from UNV's dependence on bilateral volunteer organizations for volunteers from industrialized

countries as detailed in the report of the Administrator (DP/376). He drew attention to the remedial measures proposed in the report. The Co-ordinator also mentioned the possibility of volunteer organizations setting yearly quotas for United Nations Volunteers, a practice which several Governments have recently endorsed.

290. Another major constraint on UNV operations, the Co-ordinator stressed, was the Governing Council's directive that all in-country costs of United Nations Volunteers be financed by the country IPF. The number of volunteers whose in-country costs were paid by UNV's Special Voluntary Fund had declined from 189 in July 1977 to 80 by May 1979; but the percentage of new UNV assignments in least developed and newly independent countries was diminishing. In the Co-ordinator's view, this trend was contrary to the Council's instructions that UNV should place particular emphasis on assistance to those countries. He expressed the belief that UNV should be allowed to place volunteers in least developed and newly independent countries using, when available, voluntary contributions, trust funds or multi-bi financial arrangements.

Summary of the discussion

291. Members expressed their appreciation for the report by the Administrator and for the introductory statement by the Co-ordinator.

292. Members also expressed unanimous satisfaction with the programme's achievements over the past two years, notably its marked growth in the number of volunteers placed in the field. Several members voiced their approval of UNV's emphasis on placing volunteers in LDCs and newly independent countries, and expressed satisfaction with the number of UNVs from developing countries, a manifestation of the programme's role in promoting TCDC, and with the number of women volunteers.

293. One member proposed a target for UNV of 1,000 volunteers by 1983, a proposal supported by the other members. Several members, however, doubted that the target could be attained by then.

294. In responding to members' statements, the Co-ordinator observed that UNV was capable of doubling the number of its volunteers by 1983 if it had the full support of member Governments. He stressed that 1,000 volunteers of the calibre of current UNVs would constitute a major component of technical co-operation for developing countries.

295. Members agreed that UNV field assistants should be assigned to countries with sizable groups of UNVs. One member said that such assistants should be United Nations staff members and should be recruited from the ranks of former UNVs. Another member stated that assistants should be assigned to groups of over 15 volunteers and should be funded from the respective country IPF. Another suggested that the assistants should be nationals of developing countries.

296. On the subject of IPF-funding of volunteers' in-country costs, a number of members supported the Governing Council's decision and asked that UNV adhere to the schedule set in 1977. Several others, however, questioned the advisability of UNV's doing so. One member requested that the 1979 level of financing from the IPF be maintained through 1982 and that the question of IPF-funding of

United Nations Volunteers' in-country costs be reviewed by the Council in 1983. He also asked that funds-in-trust and multi-bi financing arrangements be used for fielding UNVs. Another member, while supporting the continuation of IPF-funding of in-country costs according to the original schedule, announced that his Government was earmarking the increase in its contribution for use in in LDCs and newly independent countries to help combat the curtailment of UNV assignments caused by increased IPF-funding.

297. In his response, the Co-ordinator explained to members that LDCs' and newly independent countries' needs and requests for assistance far surpassed what UNV had been able to provide. These countries were making a major effort to use their IPF funds, he added, but it was UNV's job to respond to the countries' needs rather than to their ability to pay.

298. Many members supported the Administrator's appeal for greater flexibility in UNV recruitment. Several members suggested that UNV collaborate with the specialized agencies in assigning UNVs to Associate Expert posts. These members also requested information on how direct recruitment would affect UNV's recruitment costs, and asked that the role of national institutions in the recruitment of UNVs be further defined. A number of other members, however, expressed doubts that UNV should recruit volunteers directly. One member expressed the view that the costs of such recruitment practices would be too high. He suggested, however, that some of UNV's recruitment difficulties may be due to lack of communication between the member Government and UNV. Another member reported that his Government wanted to control the recruitment of its nationals for UNV in order to ensure the high quality of the volunteers and to guarantee their legal status upon return to their home country.

299. UNV, the Co-ordinator responded, was a universal international programme. Citizens should have the option of joining an international volunteer programme as well as a bilateral one. Furthermore, the criteria used in recruiting UNVs should be international themselves. UNV, he added, was not considering recruiting volunteers without the co-operation of the Governments involved. He suggested continuing the dialogue on UNV recruitment during the coming year, with UNV reporting to the Council on the subject in 1980.

300. Another member emphasized the desirability of taking into account the experience of the UNV programme in other United Nations programmes relating to youth in view of the constructive nature of the approach taken by UNV in favour of the involvement of youth in the development efforts of developing countries.

301. On the subject of UNV's involvement with DDS organizations, one member expressed the belief that DDS should be a priority for UNV. He requested information in the next annual report on the financial constraints on UNV's assistance to DDS and on the needs in this field. The Co-ordinator stated that UNV/DDS activities were expanding rapidly.

302. During the discussion, several members announced their Governments' contributions to the SVF. Belgium contributed \$250,000 for 1979, and the Federal Republic of Germany pledged \$185,000, a 27 per cent increase over last year's contribution. The United States announced a 50 per cent increase in its contribution to \$300,000. The Netherlands announced its contribution of \$200,000, and Canada pledged to increase its contribution for 1980 by 20 per cent.

Decision of the Governing Council

303. At its 662nd meeting, on 29 June 1979, the Governing Council adopted decision 79/24, the text of which appears in section J of chapter XXI of this report.

XII. UNITED NATIONS CAPITAL DEVELOPMENT FUND

304. For consideration of item 11 of its agenda, the Governing Council had before it the annual report of the Administrator on the Fund for 1978 (DP/361 and DP/361/ANNEXES I and II). Document DP/361/ANNEX I included the following: (a) a summary of proposed projects; (b) a summary of projects approved since 1970; and (c) design sheets for projects approved in 1978. Document DP/361/ANNEX II provided data on projects approved in 1976 and earlier. The Council also had before it the Administrator's proposal for changing the financing of the Fund's capital assistance programme from full funding to partial funding (DP/386).

Introduction by the Administrator and the Executive Secretary

305. The Administrator highlighted the remarkable growth of Fund activities during 1978 and emphasized that successful performance would inevitably lead to some growth in the Fund's management requirements. Two points of particular importance to the Council were the Fund's demonstrated ability to use the financial resources available to it. It was also very encouraging to see a number of developing countries contributing to the Fund, and the Administrator wished to encourage more countries to do the same. The Administrator also stressed that it was intended, as expressed in document DP/386, to seek the Council's agreement in principle on the question of partial funding. An examination of staffing requirements would be included as part of UNDP's projected "desk-to-desk" survey, and any increases in staffing as a result of higher rates of approval and implementation would result from the findings of the survey. Specific proposals for staff increases would be brought to the Council next year.

306. In introducing discussion on the Fund's work, the Executive Secretary pointed out the more than three-fold expansion of the Fund's activities during the past three years owing to the personal attention given to the Fund by the Administrator. He noted that project approvals had doubled in 1978 as compared with the previous year, that the normal UNCDF project cycle was usually half that of projects of other capital assistance programmes, and that overhead costs were the lowest in the United Nations development system. Work was in progress to improve the evaluation process, although there were differing opinions as to how to handle evaluation in reporting to the Council. One approach was to dispense with design sheets on approved projects and to provide evaluation reports instead. He said that a new format for more extensive evaluation information was being developed.

307. The Executive Secretary also informed the Council that broader studies were being undertaken on the impact of the Fund's activities. The subject of appropriate technology was of considerable importance to the Fund as well; and while its involvement in this field had not been the result of a direct policy, it was the nature of the Fund's work, particularly in grass-roots development assistance, that new and relevant advances in technology had to be exploited. The Fund was now making every effort to seek a co-ordinated approach, with other agencies and institutions, to the use of appropriate technology, and particular emphasis in future would go to new and renewable sources of energy.

308. In elaborating upon the proposal to change to partial funding of UNCDF

projects, the Executive Secretary pointed out that the current level of \$57 million in bank accounts represented an "overly liquid" position which the present disbursement rate of the Fund could not ameliorate. Clarifying the proposals contained in document DP/386, the Executive Secretary explained that on the assumption of \$52 million in project approvals during 1979, the Fund under partial funding would still be in a position to meet all outstanding legal obligations, with no risk of default, even if no contributions were to be pledged this year. Of this \$52 million, \$25 million in new projects had already been approved, completely exhausting approval potential on a full-funding basis. Of present resources, \$25 million was not yet subject to signed agreements, and \$17 million was available for projects where conditions precedent to disbursement had not been met, amounting to \$42 million for which no legal commitment existed for the Fund. It was evident, therefore, that even if no increases in contributions were forthcoming, the Fund could still meet its present commitments, although approvals in future years would have to be reduced to the current level of about \$25 million.

Summary of discussion

309. Members expressed their satisfaction with the work of the Fund during 1978 and previous years. UNCDF had now been able to define a place of its own in the system of international development co-operation. The Administrator and the Executive Secretary were praised both for the quality of the annual report and for the useful additional remarks made in their opening statements. Many members pointed out the special role of the Fund in providing aid which bridged the gap between traditional technical assistance and investments by the World Bank and the regional development banks. Emphasis was placed on the Fund's ability to provide quick and flexible responses to the needs of the least developed countries, and to its concentration on direct inputs for the benefit of the lowest income groups.

310. Support was expressed for strengthening the Fund's internal monitoring and evaluation capacity. The Fund was urged, in its computerization of monitoring activities, to maintain a conceptual basis compatible with the ISIP project. Members expressed satisfaction with the Fund's efforts to enhance its evaluation techniques, pointing out that in due course more in-depth studies could lead to better comparison of the effectiveness of different types of projects. It was also felt that the positive results of the Fund's continuing evaluation programme could help to attract a larger number of donors and a general increase in contributions.

311. One member had queries as to whether two projects approved in 1978 were in fact within the criteria established for UNCDF assistance. The projects cited were provision of 22 trucks in connexion with World Food Programme assistance in Afghanistan, and the financing of 200 shallow-draft boats in Bangladesh.

312. Members expressed the hope that the currently low level of overhead costs, in proportion to project approval and implementation, could be maintained. Noting that the specialized staff needs of the Fund had to be taken into account, it was suggested that the views of the Fund's executive leadership should be given particular weight in considering staffing recommendations. In this context, one delegation expressed surprise that the Fund's staffing requirements would be dependent on a desk-to-desk survey by the UNDP administration, in view of the praiseworthy results achieved.

313. Reference was also made to decisions of the General Assembly against authorizing the Fund to assume its own overhead expenses. One member spoke in favour of re-examining an arrangement through which the Fund could fully cover its overhead costs from its own financial reserves, rather than from the administrative budget of UNDP. Reimbursement of overhead expenses to UNDP during a one- or two-year transitional period, until UNCDF could bear its own administrative costs, was suggested.

314. While most members voiced support for the proposal to move to a partial funding policy, as outlined in document DP/386, one member expressed the preference that such a decision be reconsidered by the Council in 1981 after further experience had been gained with respect to the continuing level of contributions.

315. Appreciation was expressed for the information that new donors were now supporting the Fund, and that others were moving towards more substantial contributions. Members expressed the hope that the steady increase in the level of financial resources would continue. In order to improve forward planning and better utilization of funds, it was suggested that donors consider making projections of their contributions over a period of two or three years.

Response by the Executive Secretary

316. In responding to the points made by members of the Council, the Executive Secretary thanked them for their encouraging remarks, stating that he was particularly heartened to hear the many statements made by members from developing countries in favour of the Fund's work.

317. Turning to the remarks of one delegation who expressed reservations on the proposal to move towards a partial funding formula, the Executive Secretary agreed that the financial history of operations on which to base projections was indeed quite short. The pattern of contributions had been irregular and, similarly, the disbursement pattern was not entirely clear. Different types of projects gave differing results on disbursement, and statistics to date were very thin. But even if one were to take a short-term view of financial resources, the data behind the proposal to move to partial funding clearly showed that even if there were no additional contributions to the Fund during the pledging conference in November 1979, the Fund was in no danger of legal default in relation to its commitments. The Fund would be in a better position to refine the procedures of the partial funding formula after November, but, in any case, the Council could be assured that a monthly review of the Fund's cash situation would be maintained.

318. In responding to queries concerning two projects, one in Afghanistan and the other in Bangladesh, the Executive Secretary recalled the three basic criteria for the analysis and approval of capital assistance projects: (a) results of feasibility studies; (b) risk assessment; and (c) cost/benefit analysis. While the third criterion was intended to show where maximum benefits could be obtained, the human factor was extremely difficult to assess. As concerned the project in Afghanistan, where heavy transport equipment had been provided to help solve the problem of moving World Food Programme supplies to remote areas, UNCDF intervention assured that supplies reached 50 per cent of the 1.2 million recipients of WFP assistance. In Bangladesh, 14 out of 19 districts of the country were prone to

extreme flood conditions which often took a disastrous toll in human life, as well as damaging cash crops which resulted in famine conditions. This meant that any source of income for the people in the affected areas had been virtually cut off. Under such circumstances, the UNCDF could not decide against granting the assistance which had been requested.

Decision of the Governing Council

319. At its 661st meeting, on 28 June 1979, the Governing Council adopted decision 79/21, the text of which appears in section K of chapter XXI of this report.

XIII. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

320. Under item 12 of its agenda, the Governing Council had before it for consideration the report of the Administrator (DP/368) on the activities of the Fund in 1978. The report also described certain issues of significant concern to the Fund. Two projects, described in documents DP/407 and DP/314/Rev.1, were also submitted for consideration and approval.

321. Following remarks introducing the item, the Administrator announced the resignation for personal reasons of the Director of the Fund, Mr. Hiroshi Sakurai. A tribute was paid to the Director for his excellent work during the initial years of the Fund's operations.

322. The Director reviewed the substantial progress made by the Fund during the past year, and indicated that in addition to six projects approved by the Council in 1978, four projects had also been approved in July 1978. One project had been completed in 1978 and another would be completed shortly. Of the first three projects being implemented, two were expected to show positive results in terms of discovery of economically exploitable deposits and promised a replenishment return. The Director pointed out, however, that for the first time since the Fund had been established, commitments would soon exceed available resources. New pledges would be necessary not only to finance projects under preparation, but also to increase the level of the Fund's activities.

323. The Director then briefly outlined problems that had been encountered owing particularly to reversals of position by Governments which had originally accepted the Fund's policies. Their reservations on certain non-negotiable clauses of the Project Agreement had also caused difficulties. Based on proposals of the Inter-Governmental Group of Experts convened by the Secretary-General in 1978 to investigate various aspects of exploration assistance in developing countries, two different kinds of policy questions were being put before the Council. The first concerned specific recommendations made by the Administrator in paragraphs 83 through 89 of document DP/368: flexibility in current replenishment requirements of the Fund which would make replenishment optional for LDCs, most severely affected and developing land-locked and island countries after their respective Governments had repaid the full amount of the Fund's original investment, plus interest, where a successful project had been realized; horizontal expansion to include geothermal energy exploration and evaluation and updating of petroleum survey data into the Fund's operational mandate; and vertical expansion to undertake feasibility studies under certain conditions.

324. The second issue was a request for the Council's guidance on matters to be included in the 1981 review. Recommendations regarding the questions the Council should address itself to were being sought. The Director stated that this had been discussed at the sixth session of the Economic and Social Council Committee on Natural Resources held in June 1979. The Committee had decided to recommend the establishment of a special intergovernmental group of experts to discuss fully various points relating to natural resources exploration. It was hoped that a consensus would be reached.

325. Finally, the Director requested the Council's approval of the two proposed projects, in Ghana and in Liberia respectively.

Summary of discussion

326. Several members expressed their appreciation for the achievements of the Revolving Fund, and in particular for the contributions of its Director. Continuing, one member stated that the Fund's revolving nature should be maintained. It had been designed as an instrument for the direct promotion of self-reliance of developing countries, he said, and was aimed at strengthening the economic position of developing countries with proven mineral resources through their rational exploitation. Intended to become self-sustaining in the medium term, the Fund was to expand its activities once resources derived from successful projects permitted it to do so. If its revolving character were abandoned, the Fund would become a competitor with UNDP for resources. He said, therefore, that his Government could accept special consideration being shown only to such countries in serious circumstances as the LDCs. He supported the establishment of an intergovernmental working group recommended by the Committee on Natural Resources, and believed that two years would provide ample opportunity to review experience and to propose viable recommendations.

327. Another member stated that enlargement of the scope of the Fund's activities would depend on the financial resources made available to it. He expressed the hope that Governments would bear this in mind when considering the Administrator's recommendations.

328. Concerning the proposed change in replenishment requirements, this member said that his Government agreed to making the replenishment optional for LDCs, most severely affected countries, and developing land-locked and island countries after repayment of the full amount of the Fund's original investment, plus interest; he believed, however, that the change should be introduced only when adequate contributions had been made to the Fund to enable it to continue financing activities under this new rule. Similarly, his Government supported the inclusion of feasibility studies but within the limitations imposed by the availability of resources.

329. Turning to the horizontal expansion of the Fund to include geothermal energy exploration and evaluation and updating of petroleum survey data, he stated that his Government agreed with the proposal but urged that the replenishment requirement be examined prior to financing specific projects. He also supported the establishment of an intergovernmental working group.

330. One member supported approval of the proposed projects in Ghana and Liberia but expressed concern at the slow rate of implementation. In addition, while he agreed that the replenishment requirement should be changed and that the Fund could include feasibility studies in its activities, he did not support the idea of the Fund's getting into geothermal energy exploration for which extensive work had already been done and was continuing to be done by the United Nations under UNDP financing. He also questioned the inclusion of petroleum survey data in an area where the World Bank had recently announced a major new commitment. Reservations were expressed as well, on establishing another group to look into problems, review experience and make relevant recommendations. He suggested that the Governing Council continue to be the governing body of the Fund.

331. An observer, addressing the Council at the invitation of the President, stated that his delegation wished to see a change in the present replenishment requirement which was considered excessively high. He urged that the change be made not only for LDCs, most severely affected countries, land-locked and island developing countries, but for all developing countries.

332. The Director assured the Council that if there were any proposals to change conditions for replenishments, they would be submitted to the Council at the time of approval of any project to which they applied.

Decision of the Governing Council

333. At its 663rd meeting, on 29 June 1979, the Council adopted decision 79/26, the text of which appears in section L of chapter XXI of this report.

XIV. UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

334. Under item 13 of its agenda, the Governing Council had before it for consideration a report of the Administrator on the United Nations Special Fund for Land-locked Developing Countries (DP/387). This report dealt with the financial and other arrangements for the Special Fund following approval by the Council at its twenty-fifth session (decision 25/15) of the administrative arrangements for managing the Fund, activities being financed and potential assistance requirements which the Fund could help to meet, as well as other measures by UNDP to alleviate the specific problems of land-locked developing countries.

335. In introducing the item, the Administrator noted that the Special Fund had become operational. He informed the Council that against the amount of \$612,800 in contributions received as at 31 May 1979, nine projects with a total cost of \$333,400 had been approved and that a further eight projects requiring a total commitment of \$311,600 were expected to be approved soon. By giving a few examples, the Administrator illustrated the useful contribution that the relatively small projects financed by the Fund were making to solve transport-transit related problems. He reported that at the fifth session of UNCTAD the Administrator had been invited to ensure that the Special Fund be used in ways which are in addition to, and generally different from, the types of activities which UNDP normally financed and that it had emphasized the necessity of equitable distribution of the Fund's resources. Noting that the potential demand for assistance from the Fund was much larger than the meagre resources available, and referring to resolution 33/85 of the General Assembly and to the fifth session of UNCTAD, the Administrator appealed strongly to the members and observers of the Council to contribute to the Special Fund at the next pledging conference.

336. Members and observers who addressed the Council on the subject of the Special Fund were pleased to note that the Fund had become operational but they found it regrettable that there had been no appreciable increase in the resources of the Fund in spite of the recognized need for special assistance to the land-locked developing countries, most of which also fell into the category of the least developed countries. They hoped that the assistance given to these countries would be expanded. One member added that island developing countries were a group with features bearing some parallel to those of the land-locked countries and with needs for special assistance.

337. The representative of UNCTAD mentioned that his organization had always considered the establishment of the United Nations Special Fund for Land-locked Developing Countries as an important mechanism for overcoming the special problems of the land-locked countries. He informed the Council of the outcome of the fifth session of UNCTAD as reflected in resolution 123 (V) on specific action related to the particular needs and problems of land-locked developing countries. UNCTAD fully shared the Administrator's view on the inadequacy of the Special Fund's resources. He reaffirmed that UNCTAD would spare no effort in its co-operation with UNDP and the land-locked countries concerned in helping to alleviate the problems faced by those countries.

338. Following the adoption of the decision referred to in paragraph 339 below, one member, speaking on behalf of the States members of the European Economic

Community, stated that he wished to remind the Council of the reservations which these States had always expressed concerning the establishment of the Special Fund. He said that the EEC countries believed that the special problems of the land-locked countries should be examined in accordance with the general procedures for the allocation of UNDP resources. He emphasized that these procedures had to take particular account of the least developed countries, among which were most of the land-locked developing countries.

Decision of the Governing Council

339. At its 659th meeting, on 26 June 1979, the Governing Council adopted decision 79/7, the text of which appears in section M of chapter XXI of this report.

XV. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

A. REVIEW OF THE 1978 FINANCIAL SITUATION AND RELATED MATTERS

340. Under item 19 (a) of the Council's agenda, the Committee had before it for consideration a report of the Administrator (DP/399), which provided details on the financial activities of the programme during 1978, the financial status at the end of 1978 and forecasts for 1979 and 1980. It also contained information on several other financial matters of recurring interest to the Council and identified items on which the Administrator sought the Council's guidance.

341. In introducing the item, the Deputy Administrator emphasized the satisfactory results achieved during the year, which reflected both growth and financial stability and which generally followed established targets. He emphasized that an important conclusion gained in the financial management of the programme over the years was that an appropriate response-time was required by the Programme either to accelerate or decelerate it; this response-time would have to be counted not in months but in much longer periods. He drew attention to some of the aggregates in financial terms achieved during 1978.

342. The Deputy Administrator also provided details on the status of the Programme Reserve, enumerated some programmes and projects to be submitted for approval from this Reserve to the current session of the Council, and gave the likely balances, if all proposed measures were approved.

343. Attention was also drawn to the Governing Council's decision taken at its twenty-second session ^{8/} regarding the treatment of the expert variance account deficit. It was explained that the variance account was not an accounting item in the income, expenditure statements, or balance sheet of UNDP's books as each year's deficit had been offset against the then current year's resources. It was suggested that the Council take note of the situation, in order to clear the present note from UNDP's financial statements.

Summary of discussion in the Committee

Income and expenditure during 1978 and liquidity position

344. Members of the Committee expressed appreciation for the detailed and comprehensive report on the financial situation. One member suggested that the format of the report was most satisfactory and that future reports should be standardized accordingly. All members expressed satisfaction that the Programme had regained momentum during 1978. Most members, while noting with satisfaction that the excess of income in 1978 was lower than that for 1977, expressed concern at the liquidity ratio of UNDP funds. Several members requested information on the amounts

^{8/} See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 372.

of approved budgets for the current and future years and whether such amounts would ensure expenditure levels consistent with the aims of the Programme. Several members of the Committee noted that expenditure against the main programme was close to target in 1978 and requested more details about the processes under which expenditures were planned and controlled including the ceiling system and any other devices which had been introduced.

345. Several members noted the explanations in document DP/399 for the reduced rate of implementation of the supplementary programme, particularly the Special Measures Fund for LDCs. However, there was unanimity that this was not a satisfactory situation and that a more flexible budgeting process to ensure early usage, should be applied to this fund. Members of the Committee, who found the supplementary information on the programme reserve helpful, suggested that similar information be included in future reports.

Investments and reserves

346. Some members requested information on how investments were allocated to the Operational Reserve and the reasons for holding the specific currencies mentioned in document DP/399 in that Reserve. Some members also inquired about the investment practices of UNDP and requested clarifications and additional information on yields obtained from UNDP investments. With regard to investments in developing countries, some members noted that progress had been achieved, and were satisfied with the results, while others considered that the progress made was quite limited and that additional efforts should be made to invest UNDP funds in developing countries.

Non-convertible currencies

347. With regard to the utilization of accumulated non-convertible currencies, members recognized and appreciated the substantial efforts made by the Administrator towards reducing the magnitude of the problem. They appreciated the efforts and assistance provided by several Governments to help cope with this issue. Most members, however, expressed concern about the present balances of non-convertible currencies held by UNDP. They pointed out that these funds, intended for development purposes, cannot in fact be so utilized. While noting with satisfaction the Administrator's forecast that the amount of non-convertible currencies in 1979 was expected to be somewhat reduced, they also took note of his statement that such a performance was not likely to recur unless strong and continuous action were taken not only by UNDP and by executing agencies, but by the Governments concerned as well. One member stated that whereas his Government's forthcoming attitude and action helped reduce substantially the holdings of the currency in which its contribution was made, measures agreed upon by the Government with UNDP and the executing agencies, which would further reduce the accumulation, had not been acted upon. Some members reiterated their positions that no "favoured treatment" should be given in the use of non-convertible currencies and considered that this matter would be truly resolved only when the Governments concerned agreed to pay their contributions in fully convertible currencies.

Unpaid voluntary programme costs

348. Concern was expressed at the increase in the amounts outstanding for voluntary programme costs. Members considered that developing countries should show their faith in the Programme and not delay their payments which previously were on an assessed basis. One member suggested that the increase in these amounts outstanding

could make it difficult for major donors to increase their contributions. The Administrator's proposal to write off government cash counterpart contributions outstanding for 1972 and prior years was supported, although reluctantly by some delegations. Members supported the Administrator's proposal to charge outstanding government cash counterpart contributions from 1973 through 1977 to the respective IPFs. The members noted the Administrator's suggestion that increased support costs not be paid to executing agencies above the amount currently allowable for government cash counterpart contributions.

Pledge of \$1.6 million for TCDC-type activities

349. Several members stated that they had agreed with great reluctance last year to decision 25/16 on the conversion of this contribution to one for use on TCDC-type activities: they had had serious reservations about funneling resources from the general funds of UNDP to special activities. They stated that they might be unable to endorse any course of action regarding the use of these funds other than the one decided by the Council last year and that the proposed course of action would constitute a dangerous precedent for the multilateral character of the programme. They suggested that the concerned Government lift its restriction on the use of the currency. One member suggested that should the Government not agree to this proposal, then its contribution should be treated as any other non-convertible contribution and be used under normal procedures. Other members considered the solution proposed in document DP/399, namely, treating this contribution as a third-party cost sharing contribution, to be a practical solution which should help provide developing countries with additional assistance under a TCDC formula. The representative of the Government concerned stated that this pledge had had no adverse impact on his Government's voluntary contribution to the programme, which had increased by 14 per cent in 1979: this \$1.6 million equivalent was, in fact, additional funds available to the programme. He also noted that the operational difficulties enumerated in document DP/399 were not created by his Government, but by "unnecessary phrases" added to the decision adopted last year. He further emphasized that these funds were open for use by any developing country and that no restrictions would be applied.

Administrative costs

350. While some members drew attention to the increase in the cost of the administration of the Programme and requested that additional efforts be made by the Administrator to reduce such costs, others noted that the ratio of administrative costs to programme costs had been decreasing, which they welcomed. Several members noted the continued high rate of support costs paid to executing agencies and that, in spite of protracted negotiations and discussions, a satisfactory solution had not been found.

Expert costs and fellowship budgeting

351. In reviewing this subject, some members expressed the view that the increase of over 8 per cent in expert costs in 1978 was too high, and suggested that measures be taken to contain such increases. Others inquired regarding the assumptions on expert costs in 1979 and regarding the ratio of expert costs to total programme expenditure in recent years as well as the anticipated trends. With regard to fellowship budgeting, one member inquired whether agencies which were using pro forma costs gave any reason why they were using them, rather than budgeting at estimated costs. He also inquired whether the agencies which had substantial variances between budgeted

and actual costs were those which were using pro forma costs. One member inquired as to how the variances between budgeted and actual costs were treated in the agencies' accounting system.

Observations of the Administration in the Committee

352. In dealing particularly with the high level of liquidity, the Deputy Administrator explained in detail how UNDP's management saw this issue. Since the life span of most projects was three to five years, UNDP considered the management and monitoring of the build-up of the commitment level to be of major importance. The control mechanisms, consisted of the review of the resources for the cycle, annualized on the basis of expenditure forecast; the establishment of ceilings for regions and countries; and the authorization of commitments which would permit reaching expenditure targets. He explained that expenditure forecasts were provided by executing agencies and resident representatives to which central management applied its best judgement. This was the basis of the forecast to the Council. He further explained that many aspects relating to the momentum of the programme at the end of the cycle, and the transitional measures required for the movement from the second to the third cycle, were covered in document DP/390, the report on the mid-term review. UNDP expected that by the end of 1979, budgets for the whole second cycle, 1977-1981, would amount to \$2.1 billion against which expenditure by the end of 1979 was estimated at approximately \$1.1 billion. This meant that a residual commitment of about \$1 billion would exist at the end of 1979 against UNDP current and future resources. Therefore, any temporary liquidity build-up must be measured against the longer-term commitment levels.

353. With respect to the comments on the Special Measures Fund for the LDCs, the Deputy Administrator reiterated that this was a "fully funded" programme and concern should therefore be primarily with the level of commitments. Although the uncommitted balance was currently \$11.7 million, \$9 million in project budgets were being processed by the Regional Bureaux. The balance of \$2.7 million would be processed by the end of 1979, resulting in the full commitment of the resources, even though they would not be fully spent by them.

354. With regard to the opposing views expressed by members of the Council on the ways and means of using the \$1.6 million equivalent special contribution provided for TCDC-type activities, the Deputy Administrator expressed the hope that this matter would be resolved by the Council, since the Administrator had no discretion to resolve it.

355. The Director of the Division of Finance further explained the exchange of currencies which had resulted from the agreement with one Government and also the projected use of non-convertible currencies. In respect of administrative costs, the Director called attention to the 1980-1981 budget (DP/396) which showed various ratios of anticipated administrative expenditure in 1980-1981, compared with 1978-1979. All anticipated a decrease in the ratio of UNDP's administrative costs to programme activities. He also drew attention to the report on the mid-term review, which showed on an annualized basis the ratio of administrative costs to the UNDP-financed programme. The ratio was expected to decrease by almost one third between 1977 and 1981.

356. In reply to questions, the Director made a comprehensive statement with respect to the management of currencies and the basis for allocating them to the Operational

Reserve. It was stressed that UNDP did not make investments, in the true sense, in that it did not place funds in equities or in longer-term bonds because of UNDP's liquidity needs and the absolute requirement of safety and availability; it placed funds only in short-term instruments, which could be drawn down when and as needed to make payments. Basically, UNDP did not speculate in currency markets. It exchanged currencies only to the extent required to meet programme needs. For example, to the extent that a currency was expected to be required in a country, it was not sold; nor was a currency purchased, if sufficient amounts of it were available to meet UNDP's needs.

357. With respect to the Operational Reserve, he explained, the objective was to hold 50 per cent of the funds in United States dollars and 50 per cent in other major currencies, so that currency fluctuations would have the least possible impact on UNDP's resources. The Operational Reserve held \$34.3 million of placements for the benefit of developing countries as at 31 March 1979. These management practices had not precluded a reasonable return on UNDP's placements: the interest yield was 7.0 per cent in 1977 and the interest yield in 1978 was 7.6 per cent. The total return, including gains on exchange, was 11.1 per cent for 1977 and 12.2 per cent for 1978.

358. The Deputy Director of the Division of Finance then explained in detail the process of expert budgeting, which had been followed since the introduction of the system approved by the Council, and of budgeting and charging expert services at actual costs. He explained that the assumptions on expert costs in 1979, according to projections received from executing agencies, remained at about an 8 per cent increase. The final costs, however, depended not only on the inflation rate but also on the mix of experts between low-costs and high-costs countries. The ratio of expert costs to the total programme costs in 1977-1978 and the projection for 1979 was about 47 to 50 per cent and was expected to remain so for several years. With regard to fellowship budgeting, the Deputy Director explained that the agencies using pro forma costs were using multi-tier pro formas, which were updated periodically, and were therefore considered quite appropriate by those agencies and did not result in substantial variances from actual costs. In those cases where variances between budgeted and actual costs occurred, agencies explained that this was the result primarily of the difficulty in knowing, at the planning stage, the host country, the institution of study, and other critical facts. The variance between budgeted and actual costs did not result in accounting difficulty for the agencies or for UNDP, as actual costs and not pro forma costs were charged to the individual project budgets.

Decision of the Governing Council

359. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/34, the text of which appears in section N of chapter XXI of this report.

B. COST SHARING ARRANGEMENTS

360. Under item 19 (b) of the Council's agenda, the Committee had before it for its consideration the report of the Administrator on cost sharing arrangements (DP/397). This document provided the Council with a detailed analysis of certain aspects of cost sharing, such as the impact of cost sharing contributions on voluntary contributions of both recipient countries and third-party donors to cost sharing;

an analysis of administrative costs resulting from cost sharing with proposals for solving this problem; conclusions from the analysis of the sectors in which cost sharing had been applied; and other major aspects of cost sharing in which the Council had expressed interest in the past. This agenda item was introduced by the Assistant Administrator, Bureau for Finance and Administration, who pointed out some of the salient features contained in the report on cost sharing.

Summary of the discussion in the Committee

361. Members expressed appreciation for the clear presentation in the report. Most members noted that the annual level of cost sharing seemed to have reached a plateau which, although quite substantial, was not of such a magnitude as to pose conceptual or other major problems. Several members stated that while they were previously concerned that cost sharing might have an undesirable impact on the multilateral character of the programme, they were now satisfied with the situation as stated in the Administrator's report. Other members felt that the current report was proof of the correctness of their previous assumptions and attitudes. Members were particularly satisfied to note from the tables in the document that participation in cost sharing activities did not seem to have an adverse impact on voluntary contributions to the programme, including third-party cost sharing which also had been a matter of concern.

362. With respect to the question of additional administrative costs resulting from cost sharing, members supported the Administrator's proposal for establishing a cut-off point at 25 per cent cost sharing to regular programmes above which additional identifiable administration costs incurred in support of cost sharing activities would be claimed. They were of the view that above this level of cost sharing, countries should considerably increase their contributions towards the local office costs of UNDP. They also concurred that countries participating in activities exclusively under cost sharing arrangements should pay the totality of the local office costs except, perhaps, for the salary and related costs of the resident representative. Most members also supported the idea of introducing support cost services projects to be paid for from government funds. Several members expressed the view that while the Administrator's proposals were adequate to meet the administrative costs attributable to cost sharing in recipient countries, the part of the problem resulting from third-party cost sharing was not resolved. Nor was it clear that interest earnings on cost sharing contributions should be considered as an offset. Several members stated that it was extremely important to keep track of and clearly analyse the administrative costs resulting from cost sharing activities, so that in the future, if historical data were required, it would be possible to identify these costs.

363. Members were unanimous in the view that the levels of cost sharing established by the Governing Council at its twenty-fourth session 9/ should not be changed or modified at this stage. Further, the Council should approve all requests for levels of cost sharing above these limits.

364. Some members wanted confirmation that the appropriate rate of support cost was charged to third-party cost sharing as well as to all other cost sharing activities, including countries which had relinquished their IPFs and participated in cost

9/ Ibid., Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 311.

sharing activities. One member asked how expenditures in 1973 for cost sharing could exceed income, if the Administrator insisted on advance payments for cost sharing. The same member requested additional explanations as to the special cost sharing arrangements for the OPEC Special Fund. Another member, speaking on behalf of a group of delegations, suggested that additional analysis and details on the relationship between voluntary contributions and contributions towards cost sharing would be of help for the review of the issues concerned. He pointed out, in respect of major donor countries that contributions to cost sharing were subject to substantial annual fluctuations and wondered whether a reverse effect of cost sharing contributions on voluntary contributions were possible. Some members wanted to ensure that in those cases where exceptions had been made by the Administrator on a discretionary basis in accepting less than fully convertible currencies, this did not result in the further accumulation by UNDP of non-convertible currencies. It was also noted that while the delegations concerned were pleased to note in the sectoral analysis that there was no reason to assume that the over-all pattern and scope of the programme was being affected by cost sharing arrangements, they did not find sufficient indications in the report as to how these conclusions were reached.

365. The Director and Deputy Director of the Division of Finance provided the additional explanations requested. Members were assured that support costs were being charged to all cost sharing activities, whether the funds were provided by the recipient Governments themselves, through third-party cost sharing or by the Governments participating exclusively under cost sharing activities. With respect to the small deficit incurred in 1973, it was explained that this occurred during the very first year of cost sharing activities when the rules on cost sharing had not yet been settled. Since then, no deficits had been incurred. With respect to the special arrangement with the OPEC Special Fund, it was explained that whereas cost sharing agreements, including third-party agreements, were entered into with Governments, this represented an agreement with an organization. It was further explained that the OPEC Special Fund reviewed projects for which assistance was proposed and approved each individual project. Furthermore, in view of the large amount involved, advance payments did not cover annual segments of projects but were made on a quarterly basis. In respect of the comment that complete and full analysis should be kept to identify administrative costs resulting from cost sharing, it was explained that it was possible to do so when a substantial magnitude was involved; but where cost sharing activities were of relatively marginal importance such an analysis was next to impossible.

366. Members were assured that no non-convertible currencies had been added to the UNDP holdings by accepting and using non-convertible currencies, in special cases, as cost sharing contributions. Such currencies were only accepted when it was clear that they could be used by UNDP in a short time and with the understanding that any exchange fluctuations would be borne by the Governments concerned. With regard to the conclusions reached on the sectoral analysis, members were assured that substantial documentation had been assembled on the subject which had been reviewed and analysed and that this led to the conclusions in document DP/397. The Administrator considered that providing additional elements from the analysis would have added little useful information for members of the Council. With regard to the request for additional information on the relationship between voluntary contributions and contributions towards cost sharing, these required further calculations by the secretariat and the results of the review as communicated to the interested delegations showed that:

(a) Of the countries included in groups II and III in table 2 of document DP/397, only one of the donor countries whose annual contributions were less than \$5 million provided cost sharing on a third-party basis;

(b) The average annual increase in the voluntary contributions of the major third-party cost sharing contributors amounted to 16.2 per cent during the period covered in document DP/397.

Decision of the Governing Council

367. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/35, the text of which appears in section N of chapter XXI of this report.

C. BUDGET ESTIMATES FOR 1980-1981

368. For its consideration of item 19 (c) of the Council's agenda, the Committee had before it the following documents: DP/396 and Add.1 and 2, containing the 1980-1981 budget estimates; and DP/412, the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the 1980-1981 budget estimates.

369. The Deputy Administrator first referred to the Administrator's opening remarks to the Committee in which he had stated that during the preparation of the 1980-1981 budget estimates and the closure of the 1978 accounts, it had become clear that UNDP would be unlikely to get through 1979 without requesting supplementary appropriations from the Council. The 1978 object-by-object of expenditure experience served as a reference point for a detailed review of the expenditure pattern for the first three months of 1979. The findings during this review had made it necessary for the Administrator to request \$1.8 million in supplementary appropriations for 1979. The request was before the Advisory Committee for comments and would be before the Governing Council shortly for its consideration.

370. With respect to the programme support costs and administrative services costs budgets for 1980-1981, the Deputy Administrator drew the attention of the Committee to a number of paragraphs and tables in the budget document, particularly those which gave information on changes in staffing levels, the reimbursement to the United Nations, the desk-to-desk study, sectoral support services, ISIP, and ratios of programme support costs and administrative services costs to programme delivery. Members of the Committee were informed that during the preparation of the budget, UNDP staff had consulted fully with the staff of the Advisory Committee with respect to format and in deciding on the content and order of the budget information. This was the first biennial budget for UNDP, the Deputy Administrator pointed out, and appreciation was expressed for the specific suggestions of the Advisory Committee, especially as contained in paragraphs 18 to 21.

371. The Deputy Administrator also commented on paragraph 22 of the Advisory Committee's report, particularly referring to the shift to the regular establishment of 13 General Service posts which were previously financed from temporary assistance. He pointed out that this was a real reduction in the temporary assistance budget for Headquarters. The fact that temporary assistance in the field must rise during the same period does not detract from the importance of the reduction at Headquarters. Also, during a time of expanding programme operations in the field offices, it was clear that the relatively limited number of staff would not be able

to cope without some extra help in the form of temporary assistance. Moreover, if UNDP were to exercise the central co-ordinating role for technical co-operation, certain services would have to be provided. Visitors, missions and the like, arriving and departing at all times of day and night, had limited time and universally required considerable additional assistance, which had to be provided either as temporary assistance or on an overtime basis. It was also explained that, in addition, above-normal expenditures were being experienced in a number of countries owing to emergency situations. In proposing appropriations for the upcoming period, the Administrator believed the Governing Council would wish to make comparisons with actual expenditures in the immediate past, rather than with appropriation figures already proven incorrect for these objects of expenditure.

372. Concerning paragraph 25 and the following paragraphs of the Advisory Committee's report, the Deputy Administrator reconfirmed the Administrator's position that the basic benchmark for the budget had been the projected cost into 1980-1981 of the same number of staff and quantity of goods and services as were available in 1979. While this had been the basic benchmark, the Administrator explained clearly the exceptions which he had permitted to be made in the submission and gave as an example the additional staff in the Accounts Section and Treasury Section to perform work previously done by the United Nations for which that organization had been reimbursed. While these staff had to be added to perform these functions, it did not necessarily result in greater costs. It was confirmed that each of the proposed staff additions and services had been identified and were, of course, the limited departures from the basic benchmark permitted by the Administrator.

373. In commenting on paragraph 27 of the Advisory Committee's report, the Deputy Administrator informed members that section VII of document DP/396 included narratives and tables, every one of which provided a brief statement on the resources requirements. He commented that, on reflection, perhaps a number of these were too brief. UNDP had, however, attempted to identify all important increases or other changes and to highlight them. The Deputy Administrator pointed out that in programme budgeting the emphasis was on the human and financial resources required to undertake the programme; if, in addition, each programme also had to be presented in full detail by object of expenditure, then inevitably the size of the document would be substantially increased, another problem which UNDP had faced and tried to avoid.

374. Concerning paragraphs 28 to 30, suggesting that the narratives for each major programme be preceded by a table and that several of these observations had been made before, members were informed that tables F and G on pages 24 and 25 of document DP/396 provided summaries of total posts by programme and by grade, respectively. For each programme, a summary table - expressed in dollars and staff years - appeared for 1980-1981 and for 1978 and 1979 under the subheading "resource requirements". These tables further summarized the information available in annexes I and II (see DP/396/Add.1). Annex III (*ibid.*) provided an additional analysis of staff members by functions for the field establishment, while annex IV (*ibid.*) provided detailed information by grade for the headquarters staff. The Council had previously indicated that the same detailed information should not be repeated in more than one place, and it was also recalled that members had also said that what was really needed was not more information, but better information. The Deputy Administrator referred to the 1977-type tables, which had been contained in the budget estimates for 1977, and stated that these could be reinstated, if necessary. Members were assured that UNDP would attempt to sort out these problems with ACABQ before UNDP's next biennial submission and would also give due attention

to the wishes of the Council. The problem of narratives would also be reconsidered. Statements on resource requirements gave information on changes, both by staff and by objects of expenditure, but if more detailed explanations were desired by the Council, they could also be provided. Naturally, inclusion of all this data would further increase the size of the document.

375. Commenting on the discontinuance of the legal office, members were reminded that the Administrator had told them that this was a personal decision and that he had received assurances from the Secretary-General of the United Nations and his Legal Counsel that they could and would perform required legal work for UNDP. Obviously, a more broadly based and specialized legal staff should be of benefit to UNDP as problems arose. UNDP further believed that the total costs were likely to be considerably less under this arrangement.

376. In conclusion, the Deputy Administrator informed members of the Committee that substantial efforts had been made to present a clear and management-oriented budget document. Where substantial increases had been shown, most of these were the result of circumstances beyond the Programme's control. Where increases in real terms had been proposed, UNDP believed that it had provided or could provide adequate justifications. Obviously, further improvements could and would be made: the comments of the Advisory Committee and of the members of the Council would be used as a guide.

Summary of discussion in the Committee

377. Most members, in commenting on the document as presented, agreed with the Advisory Committee that the budget could be further improved both in presentation and comparability, stressing the need for a clear and concise statement and justification of the increases requested, and that a clearer cross-referencing to programme narratives would have been helpful. The members also believed that an introduction was required setting forth what the Administrator wanted to achieve, what was required to be spent, what savings were proposed and where they occurred. Several members did note that much of the information requested was in the prefatory material.

378. The view of several members was positive on the budget requests, but they also had some questions of a presentational nature. A number of members addressed themselves to the amount of detail which should be included in future submissions and were generally reluctant to see an increase in the volume of documentation.

379. The difficulties of presenting the first biennial budget were appreciated and the need for not more but more usable information was underscored. The pattern of budgetary restraint was noted and appreciated. Members in general expressed dissatisfaction at the incompleteness of the budget as presented in that it had excluded the separate submissions for TCDC and ISIP; several also commented on the fact that sectoral support was proposed to be handled outside the programme support costs and administrative services costs budgets. The Administrator was requested to ensure that budgetary unity was practised in future submissions with all elements included. Some members were impressed by the analyses, financial discipline and cost control measures.

380. Like the Advisory Committee, a number of members expressed difficulty in accepting the conclusion of the Administrator in paragraph 6 of document DP/396

that the projected number of staff was essentially the same when an increase of 305 new posts was being requested. Several members expressed the opinion that an increase in field staff should be accompanied by a decrease in headquarters staff because headquarters would have delegated more of its authority to the offices of the resident representatives. They suggested that the headquarters' role should become more of a monitoring and guidance function. It was also stressed that administrative costs should not increase at the same rate as programme costs and that there should always be a link between increases in the cost of administration of the Programme and in the resources available.

381. Several members asked for additional information on the number of new project approvals and on the trend of increases in the size of projects to assist in assessing the workload. Several members also commented on the desk-to-desk study and observed that it was long overdue and that previous studies had not dealt with organizational reform. Members, in noting paragraph 17 of DP/396, expressed concern over whether the outcome of the desk-to-desk survey was mainly to justify increases in staff. A request was also made for the detailed plan for the survey and the criteria to be used in measuring the workload. One member also stated that this was an excellent opportunity to undertake job classification and analysis and suggested that priority should be given to a job classification system at headquarters.

382. Several members stated that UNDP was currently organized by rank and not by tasks. A member stressed the importance of rationalizing the utilization of both the human and financial resources of the Programme. In connexion with the quantitative workload, and particularly paragraph 37 of DP/396, a member suggested that reasonably reliable projections of the workload for 1980 and 1981 could have been made, while another member was not totally convinced that the workload justified new headquarters posts. Several members spoke on the question of long-term manpower planning, stating that UNDP had devoted great care and attention to financial planning and now needed an indicative master plan for staff development and deployment. In connexion with the need for longer-term personnel planning, several members stated that the longer-term objective should be to reduce international professional staff in the field, while at the same time preserving the international character of UNDP.

383. Regarding the projections originally put forward to the Governing Council at the twenty-second session, the Administrator had stated that they were made in the midst of the financial crisis; but a member recalled that no such reservations had been made at the time. Members commented on the third column of posts in table A of document DP/396 and also requested information on the rationale for the revised target in table H.

384. Concerning consultants, a member stated that the use of consultants should not be seen as a convenient way of increasing staff without reflecting this increase in the staffing table. The only justification for consultants must be that the work could not be carried out by existing staff or could be carried out by consultants more quickly, more efficiently or at less cost. A question was asked as to why the 1978 expenditure on consultants as listed in annex V in DP/396/Add.1 apparently exceeded appropriations by almost \$100,000; and, concerning the list of contracts, why so many of the consultants in annex V were shown as "Location U.S.". Another member noted and agreed with the need for consultants' services for the preparation of financial manuals, which would help in making the work easier in the field.

385. In commenting on paragraphs 23 to 25 of DP/396 and table E, a member stated that the additional breakdown between headquarters and the field staff of other agencies should have been available. Another member stated that the grading structure of UNDP was an inverted pyramid, with four times as many P-3s as P-2s and P-1s, and 30 per cent more P-5s than P-4s. One member stated that UNDP had an abnormally high percentage of higher-graded posts in comparison with UNICEF, which was stated as having a comparable field structure. The number of D-2 and higher level posts in UNDP was alleged to be proportionately more than double the average in other agencies. Another member, when commenting on the large number of positions at P-5 and higher levels, noted that UNDP had a special position which required a higher proportion of senior officers. However, all this should be reviewed and taken into account in the longer-term planning exercise, in the desk-to-desk study and in the job classification study shortly to be undertaken.

386. Concerning possible reimbursement to UNDP for services performed by field offices for agencies, one member - before agreeing to the Administrator's proposals in paragraph 55 of document DP/396 - stated that he wanted to be informed of the approximate amounts of money involved and what UNDP proposed to do to obtain reimbursement. Several members recommended that the present practice be retained.

387. In connexion with the zero-based budgeting approach, one member stated that no trace of it could be detected in the presentation, which appeared to be entirely incremental as only increases and decreases in comparison with the previous years were mentioned. Several other members, however, agreed with and appreciated the zero-based budget approach. Several members also stated that comparisons between budget periods should be made with appropriations and not with actual expenditures. One member inquired as to the possibility of making available at future sessions of the Council a statement which compared audited expenditure figures with budget appropriations.

388. In connexion with the redeployment of staff, several members appreciated the Administrator's attempts to absorb staff increases for new activities by redeployment. Other members, however, expressed concern at the lack of explanations concerning redeployments and stated that fuller justifications were needed, including those for the 28 Professional staff for new field offices. Members generally hoped to see an increase in programme delivery from the increased staffing and emphasized the need for more national staff.

389. One member, commenting on the creation of small units at headquarters, suggested that perhaps this would impair effectiveness, and that perhaps these units should be integrated into larger ones.

390. Several members looked for further explanations on the amount of reimbursement for legal services and wished to know more on possible savings from the elimination of UNDP's Division of Legal Services. Another member inquired why there was a continued provision for reimbursement to the United Nations Treasury Section. Several members, in commenting on the expected expansion of activities because of the resident representative's designation as the resident co-ordinator, wondered what the difference would be under the new arrangements as the resident representative already covered much of the work associated with other agencies. In the opinion of this member, the magnitude of the expected increase in workload as a result of increased multilateral and bilateral co-operation could not be expected to be very large. In this connexion, the ACC decision was mentioned, particularly that agency representatives at the field level would continue to

maintain their substantive contacts. However, another member believed that the evolution of the resident co-ordinator's role was important for better co-ordination of technical co-operation at the field level.

391. Members, in expressing general satisfaction with the level of the budget, commented that personnel costs were the most significant part of it. Accordingly, there was still room for savings during the implementation of the budget and the Administrator was expected to take additional measures to reduce actual expenditure, wherever possible, and to report on them.

392. Members were generally appreciative of the Administrator's efforts on this first biennial budget. The opinion was expressed that biennial budgeting should permit more productive use of the Council's time by allowing it to go more deeply into questions of programming and staff during non-budget years. Members generally were pleased to see UNDP coming into line with the other organizations in the United Nations system. The objective was to ensure that the presentation was, to the extent possible, harmonized with budgets throughout the system. It was stated that this was not in evidence in the present budget document.

393. In connexion with temporary assistance and overtime, a number of members commented on the Advisory Committee's views that the decrease at headquarters had been more than offset by the proposed increase in the field. Another member believed that overtime was an area where reductions were possible.

394. Several members commented on the ACC hierarchical structure of the programme classification and were not sure why this had been used by UNDP. Division into four categories did not appear necessary; the description of activities for organizations which were purely administrative in character did not require this treatment and was unexpected in UNDP's budget exercise.

395. One member spoke on the status of women in UNDP, stating that the percentage of women in UNDP was lower than in the United Nations (14 per cent instead of almost 20 per cent at the United Nations). The measures taken in 1978 did not satisfy the member, who stated that qualified women should be recruited from the outside in the future.

396. One member commented on and appreciated the provision of funds for staff training and thought these were of great importance. Another member, commenting briefly on travel costs, thought it was too soon to reinstitute the previous level of travel. Another inquired as to the impact of currency exchange on travel costs.

397. One member, supported by another, stated that the deduction of income did not reflect a real reduction in expenditure and that the total cost for the programme support costs and administrative service costs budget was really \$210 million, not \$166 million. The same member also looked for a true programme budget with all income and outlays including programming costs.

398. Several members expressed surprise at the \$8 million increase in general operating costs. Another member sought information as to why the Consultative Group on International Agricultural Research (CGIAR) had been included in the programme support and administrative services budget in the amount of \$350,000.

399. Another member, recalling a decision at the twenty-third session of the Governing Council, requested additional information on the new posts included

under extrabudgetary resources provision and also referred to the ACABQ comments thereon. The five new positions in the Bureau for Special Activities were singled out.

Observations of the Administration in the Committee

400. The Deputy Administrator in his response stated that the requested justification was indeed contained in the budget document, although perhaps not in as much detail as members were seeking. In noting the constructive comments, the Deputy Administrator again stated that the number of staff and the amount of supplies budgeted for in 1979 were being maintained roughly at the same level. With respect to Professional staff, the increase at headquarters was from 208 to 210: the two new posts were for the Internal Audit and the cashiering function transferred from the United Nations.

401. The increases to manage additional programme deliveries were in the field. To assist in the review, those dealing with new field offices had been separated from those for the strengthening of the existing field offices. A considerable amount of additional detail would be required to present specific justifications for each of the additional Professional, international office assistant, General Service and local staff posts in the budget submission: some 115 locations were involved. The estimated opening dates of new field offices had been used in calculating the costs of new field offices; UNDP had found that when it had a programme above a certain size, it was more effective to have a local representative. The Deputy Administrator stated that the offices in Jamaica, Trinidad and Guyana had been covering some 22 island countries, and that UNDP had tried to administer Bhutan from India, but it had been necessary to open a separate office recently. With respect to Tokyo, the Deputy Administrator stated that it was not a field office; it was performing a special liaison function with the Japanese Government to encourage stronger support.

402. Members were advised that the budget had been drafted in close consultation with the secretariat of the Advisory Committee and that all information requested during the ACABQ hearings had been provided.

403. Concerning decentralization, the Deputy Administrator confirmed that both he and the Administrator were very much aware of the need to hold down the number of headquarters staff while field staff increased. Concerning the additional column in table A, it was placed there for the information of the Governing Council whose concern with accelerated programme delivery gave it the right to know what responsible heads of bureaux and resident representatives felt were justified staff increases.

404. With respect to project approvals, attention was drawn to the information contained in document DP/396/Add.2, pages 50 to 54.

405. Concerning the career structure and opportunities for UNDP Professional staff, members were assured that national staff would not replace international staff if a loss of effectiveness would result; neither would the resident representative nor the deputy resident representative be nationals of the country in which they were serving. Members were also assured that the UNDP staff in countries would retain their international character.

406. The workload implications for the UNDP office under the designation of the resident co-ordinator would, of course, vary from country to country. The UNDP resident representative would also function as the chairman of the team of agency representatives in the country.

407. In pondering the question of whether UNDP could and should cost out the value of the services provided, the Administrator did not believe it advisable and believed that it would be in UNDP's best over-all interest to absorb the cost of such services unless the costs of these services were clearly distinguishable. Responding to one member's question about the prospects of agencies reimbursing UNDP for the cost of services performed, it was stated that the work of a field office could be divided into three broad areas: the co-ordinating role, for which agencies cannot be billed; on the other end, items of cost that were identifiable; and the middle ground, where existing staff time was used to provide services on behalf of the agencies. The Administrator did not consider that this was simply an accounting question. The costs of the co-ordinating role and the servicing role would both be extremely difficult to quantify and for this reason, unless directed otherwise by the Council, it would not be proposed to conduct an identification exercise which would make heavy demands on the time of the existing staff resources.

408. In responding to the question posed by one member, the Administrator's goal was stated to be an increase in the proportion of women in the Professional category in UNDP. Specifically, through the end of 1980, 50 per cent of the new recruitment of grades P-1 through P-3 would be women, and for the upper management levels, 75 per cent would be women at grades P-4 and above.

409. The Director of the Division of Finance clarified the zero-based budgeting approach applied in UNDP. It required that each expenditure item be justified from the ground up. The submissions and files in UNDP and the Administrator's review are, in fact, zero based. However, the tables in the budget document must of necessity be structured to show comparisons. The volume of data was too large to do otherwise. As a result document DP/396 must appear to be incremental. Clearly the Committee did want and need these comparisons.

410. Concerning reimbursement to the United Nations for legal services, actual reimbursement would be on the basis of services performed and probably would be in the range of \$200,000 to \$210,000. The entire review with the United Nations was on the basis of comparative workload data, on which basis UNDP would pay its fair share.

411. With respect to the use of temporary assistance, it was stated that the Accounts Section had been using temporary assistance for performing functions which were clearly not temporary for a considerable period of time. It was difficult to attract and retain good people on that basis. Replacements had to be continually recruited and trained, a wasteful and expensive process.

412. The Director agreed with several members' statements on the detail of the ACC programme classification and, in particular, that perhaps it was not entirely suitable for a UNDP-type budget. It was hoped that this could be sorted out before the next biennium.

413. The Deputy Administrator, in responding to a question on careers, noted that some UNDP offices had been open for about 25 years and stressed the importance of having jobs performed by local staff wherever possible and where there was no

likelihood of conflict. In order to attract and hold good people, UNDP needed a field grade structure in which local staff could be promoted at least to a certain point. The Deputy Administrator also mentioned the possibility of Governments providing national civil servants on short-term secondments to work in a UNDP office for five years, for example, and then having them return to their national civil services. Members were also informed that a limited number of very promising national staff members had in the past been recruited into the international system. However, this did not provide a normal career structure and attempts must therefore be made to find new means to facilitate the build-up of the national capacities.

414. Members were assured that savings would be identified during the implementation of the budget and, where possible, used to meet unforeseen costs of the biennium 1980-1981 as had been the case in 1977, 1978 and 1979.

415. Regarding a member's question about the possibility of going straight to a job classification system from the recent 1980-1981 budgeting exercise instead of having a desk-to-desk survey first, the Deputy Administrator stated that UNDP needed a considerably wider range of information, including the completion of a detailed questionnaire and in-depth interviews with all staff.

416. In response to an inquiry about the possibility of having audited figures available showing the actual expenditure for the previous budget year against the appropriations for the programme support and administrative services budget, members were informed that the audited accounts were not available before the Governing Council met. It would, however, be possible to provide a near-final and unaudited expenditure figure for the previous year should the Council desire it. Indeed, part VIII of document DP/396 included such a report for 1978.

417. In reply to the member who had suggested that fragmentation might be occurring by the setting up of a number of small new functions which were not self-supporting, like the Resources Office and the Investment Development Office, the Deputy Administrator assured the member that these were units of larger sections and bureaux; they were not standing on their own and had adequate back-up and support services.

418. In connexion with the desk-to-desk survey, the Deputy Administrator pointed out that although some members had expressed the expectation of a recommendation from it for a reduction in staff, the administration did not have any preconceived ideas as to the study's results. What the results showed would be reported to the Council. The object of the study, however, could not be to reduce the number of staff, if for no other reason than the negative effect this would have on staff morale, making the excellent co-operation of the Staff Council unlikely.

419. The Deputy Administrator also assured members who had spoken about co-operation with the Advisory Committee that UNDP would continue, as in the past, to work very closely with the Advisory Committee.

420. The Chief of the Budget Section explained with respect to annex V in document DP/396/Add.1 that the use of the word "location" with respect to consultants followed from the endorsement by the Governing Council, at its twenty-third session, of an Advisory Committee suggestion that the names and locations of all individuals or firms paid in excess of \$10,000 during a calendar year for consultant services should be reported. It was agreed that "location" may

be misleading and, although this was now the third such report, subsequent reports would reflect the nationality of the consultant or contracting firm. Members were also informed that part I of annex V, identified as "Administrative and programme support services budget", totalled \$156,619 which, when the smaller payments were included, came to a total expenditure of some \$229,400 against the approved estimate of \$250,000 as per table L of the 1977 budget estimates. 10/ Thus, there was not an over-expenditure on this item but an under-expenditure of some \$20,600. The consultants listed in part 2 of annex V in document DP/396/Add.1 were identified as Office for Projects Execution and totalled \$190,350, which, after adding the smaller payments, came to a total expenditure of \$256,000 against the amount of \$400,000 included in the budget estimates. The actual under-expenditure on part 2 of the listing was therefore \$144,000.

Decision of the Governing Council

421. At its 665th meeting on 10 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/44, the text of which appears in section N of chapter XXI of this report.

10/ DP/273 and Corr.1.

D. FEASIBILITY OF DISTINGUISHING BETWEEN ADMINISTRATIVE
AND PROGRAMME SUPPORT COSTS

422. For its consideration of agenda item 19 (d) of the Council's agenda, the Committee had before it a report of the Administrator on the feasibility of distinguishing between administrative and programme support costs (DP/382). In addition, a note by the Administrator containing a revision of the major tables in the 1980-1981 biennial budget (DP/396) and a recap of the dollar effect of the Alternative Concept was circulated to the members of the Committee during the session as provided for in paragraph 26 of document DP/382.

423. The report was submitted to the Council in accordance with the Administrator's intention as noted by the Governing Council in its decision 25/19, paragraph 11. It provided a chronology of earlier studies and recommendations on this subject and set forth the practices followed since 1971. In his introduction, the Director of the Division of Finance elaborated on the alternatives dealt with in the document and outlined and quantified the principal choices.

424. Several members, while pointing out that the analysis presented in document DP/382 provided useful background information in assessing the feasibility of further distinguishing between administrative and programme support costs, stressed that the distinction should be made not only in theoretical but also in practical terms to allow for stable forward planning.

425. Members generally endorsed a continuation of the presentation used for the 1980-1981 budget in which a part of the general operating costs of field offices had been apportioned to the budget programme "Programme management and support (PMS)" by using appropriate distribution keys. The practice from 1977 to 1979 was to charge all of these costs to the budget programme "Administrative and common services (ACS)", except for the portion charged (and which would continue to be charged) to Sectoral Support.

426. It was generally felt that the current presentation facilitated analysis and evaluation of field office performance in separate cost categories and that UNDP should continue to place emphasis on a clear separation of administrative and programme support costs. In order to ensure consistency and comparability of budget data the present practice should not be abandoned.

427. Several members also expressed interest in achieving harmonization and, if possible, a common methodology with other organizations in the United Nations system. One member further suggested that UNDP request ACC to agree on what support services were, and stated that there should be a system-wide definition because without one interagency comparisons were artificial and lacked meaning.

428. One member stated that the costs of the resident representatives should remain in the administrative sector, in that the resident co-ordinator was receiving an expanded mandate at the country level. Several members pointed to the large percentage of resources used for support costs and made references to information contained in documents DP/380 and DP/377. One member hoped that the solution to the support costs problem would lead to practical results, so that more funds would become available for programme purposes in the developing countries.

429. The consensus was that the current method should be continued, because of the need for comparability of data and to avoid excessive changes which might impair effective management. Members also requested that a report be submitted at the twenty-eighth session of the Council on the result of interagency consultations.

Decision of the Governing Council

430. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/36, the text of which appears in section N of chapter XXI of this report.

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

431. For consideration of item 19 (e) of the Council's agenda, the Committee had before it the relevant report of the Administrator (DP/392), comments of Governments on the report of the Joint Inspection Unit on the role of experts in development co-operation (DP/389), as well as a letter dated 11 June 1979 from the Chairman of JIU together with related comments of UNDP and the agencies.

432. The report of the Administrator was introduced by the Deputy Administrator, who reviewed its background and structure. He recalled that the concept of over-all government management responsibility of UNDP-assisted projects was an accepted principle of international technical co-operation stemming from the sovereignty of all nations. He emphasized that the principle applied by UNDP, as reaffirmed by the Governing Council in its decision 25/20, recognized the management responsibilities of Governments while at the same time respected the principle under which the Administrator, after consultation with the Government concerned, designated the executing agent. Under this system, the mobilization and utilization of international inputs became the responsibility of the executing agent, with the Administrator retaining his accountability to the Governing Council for all aspects of programme implementation. The Deputy Administrator also indicated that while in document DP/392 the Administrator reported on considerable progress in a number of areas, it also identified additional steps which should be taken to accelerate the implementation of better methods and approaches to technical co-operation.

433. Most members expressed support for the main thrust of the Administrator's report and considered its recommendations to be a realistic basis on which to proceed. A majority of delegations reaffirmed the principle of government management as stated in paragraph 4 of Governing Council decision 25/20. One member speaking on behalf of three other delegations, expressed support for the principle of government management as recommended by JIU and emphasized the need to revise the guidelines regarding government execution of projects in order to reflect this principle more fully. That member indicated that once an agreement had been reached on the design of a project, over-all responsibility for its execution should be that of the host country, with UNDP providing the agreed inputs and acting as a concerned participant. That member questioned the current system under which the Administrator approved government execution in each case. He would favour instead an approach where UNDP resident representatives were empowered to enter into agreements on government execution. That member indicated that the Administrator would retain full accountability on the basis of provisions in the guidelines on government execution regarding project monitoring, evaluation and terminal reports. Another member referred to the need to strengthen the substantive and qualitative monitoring of projects in order to ensure that government management and decentralization could be successfully implemented. Furthermore, that member indicated that in order fully to integrate UNDP components with national efforts, the field staff should have the authority to review with the Government how this could be achieved in each case. That member emphasized the importance of monitoring of projects in order to maintain the Administrator's accountability.

434. Members referred to the rising cost of experts and expressed support for maintaining flexibility in the use of different contractual options for experts and consultants. While several members indicated that the cost of experts was high,

others emphasized that UNDP expert remunerations should remain competitive. One member pointed out that the question of cost must be related to the wider issue of the benefits of technical co-operation. One member observed that the accelerating cost of experts might require more extensive use of innovative alternatives in the third cycle. In this connexion, there was general support for the wider use of twinning arrangements and related methods of co-operation agreements proposed by JIU.

435. Several members expressed their opposition to the JIU recommendation of limiting expert assignments to two years, but some members expressed concern regarding the practice of unnecessary extensions of projects and expert posts. Two members called for the increased use of performance reports prepared by Governments in reassigning experts.

436. Two members referred to the JIU proposal for agency technical advisers: one member opposed the proposal as being too expensive and leading to confusion of responsibility; the other indicated that more dialogue on the functions of ATAs might be useful.

437. Several members referred to methods and sources of recruitment. A spokesman for a group of members emphasized that better use should be made of national recruitment sources. Several members indicated the need to facilitate the secondment of experienced professionals to United Nations service by ensuring that they would continue to enjoy promotions and pension rights as well as seniority in their home civil services. Some members indicated support for the Administrator's proposal for using private institutions as recruitment sources. Support was also expressed for the use of reimbursable loan agreements and related methods for facilitating recruitment of experts and consultants. Some members expressed concern about the extensive use of special service agreements in view of the problem of taxation and the lack of international status for consultants appointed under these contracts.

438. Most members referred to the lump-sum payment system, but there was virtually no support for the proposal put forth by JIU. One member stated that the issue was not one of method but rather of level of payment. Many members emphasized the need to maintain competitive salary levels for United Nations experts. One member emphasized that salaries should be kept in line with prevailing rates and noted that equal work required equal pay at existing world market rates. Two members emphasized that successful project level experience in reducing the costs of providing expert services should be studied and applied in other projects.

439. Virtually all members expressed support of UNDP's financing of national experts in those limited cases where Governments had no other access to this type of expert services. Some members indicated that before resorting to this approach, all available national financial resources should be explored. Several members emphasized that UNDP resources should only be used to fill gaps in host countries, and one member emphasized that UNDP resources should be used to finance international transfer of skills and know-how.

440. Most members supported referral to the International Civil Service Commission (ICSC) of administrative questions on the use of nationals. Some members expressed the view that remuneration of nationals should be based on a determination by host Governments in accordance with national standards. One

member pointed out that the use of nationals could help stem the brain drain, while another member mentioned that this approach could represent an important contribution to the implementation of TCDC. Several members also expressed support for the use of qualified expatriate nationals as experts.

441. Several members expressed support for the increased use of subcontracts, but some members raised questions on the appointment of national consulting firms by indicating that such services should be limited to certain types of projects or to the initial phase of projects until host Governments were able to assume full financing from their own resources. One member expressed the hope that the technical competency of national contractors was being taken into account in their appointment. A spokesman for a group of Governments referred to the importance of associate experts as one source of expertise, and expressed readiness to extend this scheme to government executed projects. This member also urged greater assistance by the United Nations system to the direct recruitment of expert services by developing countries.

442. Several members affirmed that resident experts remained the backbone of UNDP's technical co-operation programme, although there would continue to be an increase in the use of short-term consultants. Several members indicated that short-term consultants may become increasingly cost effective. A spokesman for several members indicated that while experts should be under government policy direction, these directions should be defined in the project document. In general, members expressed the view that experts should be used flexibly for different functions but only when their services were deemed essential by the host country.

443. In his reply, the Deputy Administrator noted with satisfaction that the majority of members supported the main thrust of the Administrator's report and its recommendations contained in paragraphs 241 to 250. He also expressed agreement with those members who had stated that it was now important to implement these recommendations. He emphasized support of the concept of partnership between the recipient countries and the United Nations development system in the development and design of technical co-operation programmes and projects as well as in their implementation. He further recalled that once an agreement was being reached with the Government on a project, the preferences and expressed requirements of host countries were paramount in the designation of an executing agent and Governments played a key role in the selection of appropriate experts. Furthermore, Governments had over-all management responsibility of UNDP-assisted projects at all stages of formulation and implementation. He affirmed that the guidelines on government execution would be revised in the light of experience in order to remove any possible obstacle to their full implementation.

444. He further noted the broad support given to the concept of increased flexibility in the recruitment and employment of experts and the need to relate the cost of experts and consultants to the benefits of projects. He agreed that there was a need to use innovative alternatives to internationally recruited experts. He also noted general support for the wider use of twinning and related methods of execution. He indicated that more recruitment should take place through national recruitment services. Concerning the duration of project assignments, he assured members that decision on extension should indeed be based upon the objective requirements of a country. He also noted with approval that some issues regarding separate staff rules for field personnel and the recruitment of national project staff would be referred to ICSC for consideration. He also

indicated that the problems of taxation under special service agreements would be studied. He confirmed that expatriate nationals were eligible to become international experts whenever they had acquired nationality of their new country of residence. He also agreed that the system should continue to support efforts by developing countries engaged in direct recruitment of experts, but indicated that it might be necessary to reimburse agencies for the costs incurred. He indicated that the tripartite review process was currently being examined and that the entire question of project monitoring would be the subject of a progress report to the Council.

Decision of the Governing Council

445. At its 665th meeting, on 10 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/48, the text of which appears in section N of chapter XXI of this report.

F. CUSTODIANSHIP OF UNDP FUNDS

446. In its consideration of item 19 (f) of the Council's agenda, the Committee reviewed the report of the Administrator on custodianship of UNDP funds (DP/364) and the comments of the Advisory Committee on Administrative and Budgetary Questions (DP/416). Members expressed satisfaction with the arrangements which had been agreed upon between officials of the United Nations and UNDP. The Committee agreed that the Administrator should now have sufficient authority to fulfil the responsibilities assigned by the consensus, and that the question of custodianship should be considered closed and reverted to after two years only if the new arrangements were found to be not working satisfactorily.

Decision of the Governing Council

447. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/37, the text of which appears in section N of chapter XXI of this report.

G. INTERAGENCY PROCUREMENT SERVICES

448. For its discussion of item 19 (g) of the Council's agenda, the Committee had before it the relevant report of the Administrator (DP/385).

449. Introducing the item, the Assistant Administrator, Bureau for Special Activities, informed the Committee that a small staff had produced results with help from the United Nations system and had substantial progress to report. The IAPSU effort could be considered as a pre-investment project involving 14 executing agencies, and was one of the most concerted efforts ever initiated in the United Nations system. Potential savings in purchases were in the area of \$1.7 to \$3.4 million. The matter for future consideration would be the placing of IAPSU under special financial arrangements. ACC should take up this question and consider including it among interagency activities. The Assistant Administrator said that agencies would continue seconding personnel and providing experts and supportive advice, and would also function as lead agency on respective common-user items. He emphasized that co-operation had been admirable and encouraging.

Comments by representatives of agencies

450. Representatives of various specialized agencies and other United Nations organizations stated that IAPSU was extremely helpful. The Unit would achieve progress in the formulation of a master contract for the United Nations system, in better operations and servicing cost savings, and should be allowed to continue. It was stated that identification of more sources of supply for local purchase was needed. Emphasizing the need for increased procurement from developing countries, a survey of sources of supply for common-user items of audio-visual and computer paper had been completed. Information on suppliers in developing countries had also been disseminated to the TCDC Unit. It was hoped that additional surveys of this type could be funded, subject to approval by the Governing Council.

Summary of discussion in the Committee

451. It was noted by several members that IAPSU had made considerable progress in accordance with provisions of General Assembly resolution 32/197 on restructuring of the economic and social sectors of the United Nations system. A common procurement system would lead to reduction of prices and service costs, improve geographical distribution of procurement, and improve utilization of non-convertible currencies.

452. A number of members expressed interest in securing a wider and more equitable distribution of procurement opportunities. They considered that the proposals for future activities of IAPSU offered a sound platform for achieving these goals. Support was expressed for the increase of staff, including an Information Officer and General Service staff. Small countries lacked information on available opportunities with the United Nations system, and these members viewed the proposed centralized information system favourably as it would enhance competition and benefit the system as a whole. Some members thought that it would be worthwhile to consider relocating IAPSU in Geneva. Advance reporting of business opportunities through the Development Forum Business Edition was a

sound proposal, they said. These members also supported collection of data regarding contract awards to improve the geographical balance of award distribution. A major problem was the different existing procurement rules for each of the agencies. IAPSU should establish procurement procedures meant to be used by the entire system. The Unit was also requested to provide total anticipated life-cost data as a guide to long-range planning.

453. One member questioned some aspects of the report, particularly whether the United Nations should encourage payment in non-convertible currencies. The objective should be to create more jobs within developing countries and more information was needed on procurement sources in those countries. Regarding service capabilities available in developing countries, it was stated that equipment for construction should be acquired locally whenever possible. One member stressed that funds contributed to UNDP were intended for use in developing countries. A few members noted that IAPSU's basic role should be analytical.

454. Several speakers stated that IAPSU should continue under its basic mandate, and that perhaps a time limit should be established for continued funding from the UNDP budget.

455. It was suggested that high priority should be given to the establishment of a common information and referral system accessible to all United Nations organizations, as one did not exist at the present time. It was also noted that large-scale purchases should not eliminate small-scale suppliers, and that UNDP must not restrict its procurement practices. A feedback system to monitor quality and performance of supplies was considered a useful concept; it was also considered desirable to monitor the adaptability of supplies to particular countries and climates. The work done by ITC/GATT was praised by a number of delegations.

456. It was agreed by several members that the existence of the Unit was well-justified and its activities should continue. The high level of expertise seconded by the agencies was noted with approval. It was pointed out that procurement was a major part of United Nations development operations, sometimes comprising up to 30 or 40 per cent of a country's IPF. All agencies experienced delays because of slow delivery of equipment, it was stated, and field offices should operate with local suppliers and procure equipment from them whenever possible. These members stressed that preference should not be given to a small number of developed countries.

457. Several members felt that some countries were deprived of opportunities to serve as sources of supply. One member referred to a recent study for the General Assembly which had established that a small number of developed countries were currently favoured by the system, owing to lobbying activities. He voiced disagreement with remarks concerning the utilization of non-convertible currencies, large sums of which had been used without difficulties in the past. As an example, one country had been making voluntary contributions partially in national currencies to ensure that their nationals were given consideration as potential suppliers. These national sources acted as a hedge against inflation. On the basis of a favoured currency, 25 per cent had been mentioned as an allowance for inflation. The recent UNDP financial crisis had not been related to non-convertible currencies of which the UNDP operational reserves contained only 4 per cent. The problem rested with long-term commitments related to inflation and the failure of donors to fulfil their voluntary contribution pledges.

458. A few members expressed reservations on the proposed expanded activities at this time. One member suggested that high priority be given to introducing "transparency" into the United Nations procurement system. He also claimed that centralization went contrary to established UNDP policy of shifting responsibilities to the field level. One member failed to see the advantages of IAPSU so far in effecting a reduction in the cost of services.

Observations of the Administration in the Committee

459. Regarding concern about an increasingly centralized system, the Assistant Administrator assured the Committee that there was no plan for centralization of procurement. It was essential, however, not to spread procurement too thin; nevertheless, he assured the Committee that the concern expressed was duly noted.

460. He emphasized the need for funding for future surveys of products from developing countries and requested that Governments that could provide the necessary resources should do so. He expressed a special sense of appreciation for the endorsement of the IAPSU principle and noted the proposed possible move to Geneva, which had been discussed previously. UNDP's administration had concluded that a relocation would be premature at this time, he said.

461. He acknowledged the emphasis on aspects of advance information on projects, and noted the Committee's agreement with the proposed addition of an Information Officer with clerical support. He stated that there was a clear message that any action should emphasize quality/price as the first priority. He also noted the expressed concern regarding too-sophisticated equipment for field usage. He agreed that the problem of collecting statistical data and being responsive to business activities was great, but considered that a central registration effort could be made without substantial involvement.

462. He emphasized the need to review alternative funding for IAPSU in view of its interagency nature, but hoped that the Governing Council would allow the project to continue for the time being under present funding arrangements. The Assistant Administrator stated that he preferred postponing a transfer to ACC machinery for a couple of years.

Decision of the Governing Council

463. At its 665th meeting, on 10 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/45, the text of which appears in section N of chapter XXI of this report.

H. SECTORAL SUPPORT

464. For the consideration of item 19 (h) of the Council's agenda, the Committee had before it documents DP/374, relating to the general issue of sectoral support, and DP/374/Add.1 and Corr.1, drawing the Council's attention to the endorsement by the Industrial Development Board (IDB) at its thirteenth session of the proposal that UNDP should underwrite the costs of up to 50 Senior Industrial Development Field Adviser (SIDFA) posts. The Committee was also provided with information concerning developing countries' needs for sectoral support in the tourism sector.

465. In general, members considered that the proposals contained in document DP/374 were a pragmatic approach to the question of sectoral support. In particular, the proposal to remove sectoral support financing from the UNDP administrative and programme support budget was generally welcomed and there was a wide degree of support for the proposal that a new line item should be created to accommodate sectoral support costs. There was also general recognition of the particular needs of the smaller agencies for sectoral support financing.

466. Some members agreed with the proposed definition of sectoral support contained in paragraph 21 of document DP/374, although a number of members expressed reservations. This latter group pointed variously to the danger of defining the concept too closely and to the fact that some of the activities undertaken by advisers financed from the sectoral support allocation might more appropriately be financed from other sources. A few members pointed to the similarity between sectoral support and administrative and programme support and one member pointed out that this matter would be examined by the consultant whose appointment was being proposed by the Intergovernmental Working Group on Support Costs (see annex III to the present report).

467. There was a mixed response to the proposal that the continuation of the 1979 sectoral support posts should be financed partially from the new sectoral support line and partially from interregional and regional IPFs. Some members endorsed the proposal, saying that it was a practical solution to the problem at hand. Other members felt that it was unduly cumbersome to finance similar activities from two different sources. Some of these members proposed that all the costs should be charged to the new line while other suggested that the interregional and regional IPFs should be used to finance all sectoral support activities.

468. The representative of UNIDO informed the Council of IDB's endorsement of the appraisal report on the SIDFA programme, 11/ including its support for the recommendation that the number of posts be increased to 50 by the end of 1980. He pointed out that 35 of the 36 approved posts were filled or had prospective candidates, and he indicated that UNIDO would be in a position to fill the proposed 50 posts with well-qualified candidates in the period envisaged. The Deputy Administrator emphasized that UNDP had informed IDB that it did not question the recommended number of 50, but that it considered that the financing of the additional posts might prove difficult. Members generally recognized the usefulness of SIDFAs and a number of members emphasized the importance of these advisers to the developing countries. However, there were differing views on the proposal to increase the number of such posts financed by UNDP in 1980.

469. A number of members pointed out that SIDFAs performed representational and other functions which, these members considered, should be financed from the UNIDO regular budget. They noted that it was proposed in the appraisal report that the full cost of the SIDFA programme should be assumed by UNIDO as soon as it became a specialized agency, and they suggested that UNIDO should begin to assume part of the cost of the SIDFA programme immediately. Some members pointed to the difficulty of absorbing the cost of the SIDFA programme into the UNIDO regular budget and felt that there was no guarantee that UNIDO would agree to finance the 50 posts when it became a specialized agency.

11/ ID/B/228.

470. Some members supported the proposal that UNDP should finance up to 50 SIDFA posts by the end of 1980, while others felt that 40 might be a more appropriate interim target. Members arguing for an increase in the number of SIDFAs emphasized the needs of the developing countries for the services of such advisers. One member referred to the difficulty which his country had encountered in obtaining an SIDFA post and hoped that the number of SIDFAs would be increased so that other countries wishing to benefit from the services of these advisers would not find themselves in a similar position. Another member, supporting an increase in the number of SIDFAs, said that his Government considered UNDP's financing of these posts appropriate because it reflected UNDP's role as a central funding agency.

471. Those opposed to an increase in the number of SIDFAs emphasized that the appraisal report had recommended a second phase in which UNDP and UNIDO jointly would carry out a country-by-country study to determine the countries where it would be appropriate to appoint a full-time SIDFA. These members maintained that it would not be possible to determine the exact number of SIDFAs requested until that study had been carried out. It was also pointed out that it was unlikely that this study could be completed much before the next session of the Council and that it would be appropriate, therefore, to re-examine the matter at that time.

472. Responding to enquiries regarding the estimated cost of the sectoral support requested by WTO, the Deputy Administrator informed the Committee that WTO had informed UNDP that some \$200,000 would be required for each of the years 1980 and 1981. This total of \$400,000 would be used to provide the services of two advisers and two consultants. Concerning the cost estimates contained in paragraphs 22 and 24 of document DP/374, the Deputy Administrator informed the Committee that the amounts involved were to provide for a continuation of the sectoral support approved for 1979, with due allowance being made for inflation and an element of rounding.

Decision of the Governing Council

473. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/38, the text of which appears in section N of chapter XXI of this report.

I. AGENCY SUPPORT COSTS

474. For consideration of agenda item 19 (i) of the Council's agenda, the Committee had before it the following documents: support cost flexibility arrangements (DP/379); a request by the International Telecommunication Union (ITU) for additional support costs reimbursement for 1978 (DP/391); and a request by the ILO for special support costs reimbursement for 1979 (DP/371).

475. In introducing the item, the Deputy Director of the Division of Finance stressed the important features contained in each document. With respect to the ILO, he pointed out the difference between the support cost deficit for 1979 as calculated by the agency and the amount as calculated by the Administrator under an alternative mode of calculation. The additional support costs requested by the ILO in 1979 were to sustain the needed growth in the ILO's increased delivery rates in real terms.

Summary of the discussion in the Committee

476. Several members stated that the requests for additional support cost payments underscored the importance and urgency of reaching conclusions on a new formula for the reimbursement of such costs to agencies. One member, supported by several others, proposed postponing review of the ILO request until the next session.

477. The representative of the ILO, in commenting on the request for special costs reimbursement for 1979, stated that it was based solely on the severe consequences of exchange rate fluctuations. He informed the Committee that because of the present level of staff, substantial delays were already occurring in implementing the technical assistance programme for 1979 and that these delays were expected to become greater if corrective action was not taken. Should the same currency prevail, and if a new formula for support cost payments to the agencies were not adopted in the near future, the Administration of the ILO would seek a long-term solution to the problem from its governing body. Additional requests from UNDP, if any, would be of limited duration and would be submitted only if absolutely essential.

478. Several members expressed the opinion that the request of the ILO was not the concern of UNDP and that the problem should be studied and resolved by the agency's governing body. Most members, while recognizing the importance and possible implications of a favourable decision, acknowledged the validity and the severity of the operational difficulties experienced by the ILO. They agreed that some exceptional measure of relief was called for in the circumstances. Most members agreed that the amount of the special support costs should be negotiated by the Administrator with the ILO, taking into consideration, *inter alia*, the fact that the US dollar has recently strengthened vis-à-vis the Swiss Franc. Further, that the basis for the negotiations with the ILO should be the formula provided by the Administrator in paragraph 8 of document DP/371.

479. With respect to the ITU request, although recognizing its merits, one member pointed out that the Council's decisions in the past which were not intended to create a precedent seemed to have been so interpreted. He noted, however, that UNDP was requested to bear only its proportionate share of additional support costs and that other trust funds would bear their fair shares.

480. Most members noted the validity of the ITU request and recognized that the additional funds required to cover the 1978 deficit resulted solely from serious exchange rate fluctuations.

481. The arrangements made by the Administrator concerning flexibility support cost payments to the smaller agencies were noted.

Decision of the Governing Council

482. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/39, the text of which appears in section N of chapter XXI of this report.

Report of the Intergovernmental Working Group
on Support Costs

483. At the request of the President of the Council, the Committee considered on the basis of information provided by the Administrator, the financial implications of the study requested in the decision of the Intergovernmental Working Group on Support Costs (see annex III to the present report).

484. One member stated that his delegation did not agree with the Administrator's proposal that the study should be financed as an additional line under the support costs allocations since it was undesirable to create a precedent of this nature. He also expressed the hope that the costs of producing the report could be financed under provisions already available to the United Nations. It was explained that the latter was a contingency upon which UNDP could not commit the United Nations at this time.

485. Members of the Committee expressed the view that if it were decided that the cost of the study would be financed from the programme support and administrative services budget of UNDP, it was to be understood that since the study would cover part of 1979 and part of 1980, the respective amounts to be added to the programme support and administrative services appropriations would be up to \$100,000 in 1979 and up to \$94,000 in 1980.

Decision of the Governing Council

486. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Intergovernmental Working Group on Support Costs and taking into account the views expressed in the Budgetary and Finance Committee, adopted decision 79/40, the text of which appears in section N of chapter XXI of this report.

J. UNDP FINANCIAL REGULATIONS AND RULES

487. Under item 19 (j) of the Council's agenda the Committee had for its consideration document DP/388, which described the action taken by the Administration to comply with the objectives of Governing Council decision 25/24, and presented as annexes proposed changes in the financial regulations and rules for the consideration of the Council at its present session. Annex I showed the proposed revision of the UNDP financial regulations compared with present UNDP financial regulations, with appropriate comments on their harmonization with those of the United Nations. Annex II showed proposed revisions of the UNDP financial rules compared with present UNDP financial rules as they might be issued by the Administrator. Copies of the present Financial Regulations and Rules of the United Nations (ST/SGB/Financial Rules/1/Rev.2(1978)) were also available to the Council. A conference room paper showing the proposed UNDP financial regulations followed by the applicable UNDP financial rules was also made available to the members of the Council during the initial discussion of this item.

488. In introducing the item, the Director of the Division of Finance explained that the documentation had been prepared, cleared with the United Nations and submitted for printing in all official languages by early April. He regretted that the documentation was nevertheless not available in all languages by the time this item was discussed and appreciated the difficulties which this presented to members of the Committee. However, the Administration would be faced with certain problems if the Committee did not adopt revised regulations at this time: some of the existing financial regulations were now obsolete and several additions and amendments to the regulations were necessary in order to reflect decisions taken by the Council at this and prior sessions. Therefore, UNDP needed revised financial regulations for operational purposes at the earliest possible date. This need existed also for UNDP's auditors, for the participating and executing agencies and for Governments as well.

Summary of discussion

489. One member proposed that, in view of the absence of the necessary documentation in all languages and of the important and complex nature of the subject, this item be postponed until the next session of the Council. Several other members, while appreciating the difficulties such a postponement might cause the Administration, supported this proposal and stated that in their view a detailed review, article by article, of the proposed revised regulations would be necessary. Although some members felt that it might be advisable to establish a Working Group for this purpose, the Committee generally believed that there would be less work at the next session and that the Budgetary and Finance Committee could then deal with it directly. This being the case, the Deputy Administrator asked members to submit such suggestions for change as they might have to the Administrator.

Decision of the Governing Council

490. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/41, the text of which appears in section N of chapter XXI of this report.

K. AUDIT REPORTS

491. Under item 19 (k) of the Council's agenda, the Committee had for its consideration document DP/404, which contained the audited accounts and audit reports of the participating and executing agencies relating to funds allocated to them by UNDP as at 31 December 1977, as well as a summary of the action taken by UNDP with the Panel of External Auditors as a result of Governing Council decision 25/23 relating to the format and content of the audit reports to be submitted to the Council in future years.

492. In introducing this item, the Deputy Administrator stated that UNDP was grateful to the Panel for the co-operative manner in which it had responded to this matter. It was believed that this should result in audit reports of greater benefit to the Council.

Summary of discussion in the Committee

493. One member welcomed the Panel's agreement to take steps to standardize the format of audit reports and to include comments on management issues, as well as including the reactions by agencies to major audit observations and recommendations and comments on action taken on prior years' recommendations. He felt this would make the audit reports a more valuable tool for the Council in considering management issues. He believed, however, that audit methods and procedures needed to be changed in two respects: the format of the reports should be reviewed; and the timing of audits should be synchronized with the schedules of the relevant intergovernmental bodies so that these bodies would have the most up-to-date information available to them.

494. With regard to the format and content of the audit reports, his delegation expressed the wish to have the Council engage the Panel of External Auditors in a dialogue in order to determine the modalities which both the Council and the Panel found useful and feasible. Apart from the purely financial audit, he regarded the following as important components of a new approach to auditing UNDP and its executing agencies:

- (a) Auditing the financial planning and control mechanisms;
- (b) Making recommendations on improved reporting to decision-making bodies;
- (c) Reviewing management controls including evaluation systems; and
- (d) Auditing electronic data processing mechanisms.

He also expressed the wish that management letters provided by the auditors to the agencies be made available to the Council.

495. The same member raised a number of questions in connexion with comments contained in the audit reports of FAO and UNESCO. He also inquired as to the status of the evaluation of completed projects in other executing agencies, the reasons for UNDP policies and procedures regarding evaluation apparently not always being followed, and as to the legal status of such UNDP procedures. He would also welcome comment regarding the irregularities described in paragraphs 12 to 17 of the audit report on FAO.

496. Another member expressed concern that, according to the information contained in certain audit reports, an agency might interpret UNDP's procedures as guidelines, or as recommendations to be implemented at a later date, rather than as mandatory requirements. He believed that the regular evaluation procedures as recommended by the auditors should be followed.

Observations of the Administration in the Committee

497. Responding to the queries raised by members during the discussion, the Deputy Administrator explained that the Administration would, in consultation with the agencies, give further consideration to the question of procedures for the evaluation of completed projects. He also stated that it was his understanding that while UNDP guidelines were to be followed by agencies in executing UNDP-financed projects, this was subject to the guidelines not being in contradiction to the agency's own regulations and rules, which UNDP did not have the power to change. This was, admittedly, a grey area which had not yet been fully clarified. He assured the Committee that UNDP would discuss this question with the agencies and report back on the matter to the Council at its twenty-seventh session.

498. The representative of FAO informed the Committee that necessary corrective action had been taken regarding the irregularities described in paragraphs 12 to 17 of the audit report on FAO, and that he would provide more detailed information to the interested members of the Committee before the end of the current session.

Decision of the Governing Council

499. At its 665th meeting, on 10 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/47, the text of which appears in section N of chapter XXI of this report.

L. INTEGRATED SYSTEMS IMPROVEMENT PROJECT

500. For consideration of item 19 (1) of the Council's agenda, the Committee had before it a progress report on the Integrated Systems Improvement Project (ISIP) (DP/378). In addition to a summary of the work carried out so far in the implementation phase, and an analysis of the resource requirements and the budgetary implications, the report included a request by the Administrator for authorization to incur commitments totalling \$2.4 million, the estimated cost for phase II of ISIP. During the session, the Committee was also provided with a breakdown of the budget.

501. In introducing the item, the Deputy Administrator informed the Committee that two external reviews of the project had recently been received by UNDP. First, the United Nations Board of Auditors confirmed that UNDP had adopted a structured approach to systems development to ensure that systems would be implemented in accordance with the needs of users on a timely basis and within budgeted resources. Second, in their role of monitoring the project from a technical standpoint, Price Waterhouse Associates had completed their first review and had reported that, in the main, systems development was progressing in accordance with the standards adopted and on a timely basis. In addition, experts from three member Governments had reviewed the proposed conceptual design and had made constructive contributions.

502. A number of members expressed their continued support for ISIP and encouraged the Administrator to install the systems without delay. With respect to execution, they supported the change to UNDP's retaining management of the project internally, and thereby ensuring heavy user involvement. One member, however, requested assurance that the expertise and advice of the consultants would be used in the next phase. Some members felt that highest priority should be given to the programme and project management system and that it might be useful if elements of this system were to be tested on a pilot basis with a view to accelerating the availability of benefits at field level. One delegation, in referring to document DP/378, requested confirmation that the planned completion date of May 1979 had been met for the Administrative budget system.

503. A number of members requested the following clarifications with regard to the budget as presented:

(a) A breakdown of the budget, following the normal budget format, indicating staffing and categories of objects of expenditures;

(b) With reference to paragraphs 7 and 8 of document DP/378, clarification as to the number of additional staff for such entities as the Executive Management Committee and the Managerial Policy Group;

(c) Whether and how the \$800,000 referred to in paragraph 6 of document DP/378 was accounted for in paragraph 20;

(d) Confirmation as to whether the Administrator had sought additional voluntary contributions;

(e) Whether the increase of the ISIP budget in 1980 over 1979 was due to real growth of inputs or was an inflationary adjustment.

504. Some members requested information on the extent of collaboration and interface with the agencies, including any co-ordinating mechanism that may have been established.

505. Two members emphasized that no duplication should arise between the systems development in UNDP and those of the CORE project being carried out under the ACC Inter-Organization Board for Information Systems. In particular, they stressed the need for compatibility with CORE.

506. With regard to post-implementation issues, questions were raised concerning the maintenance costs of the systems and whether there would be a reduction in staffing levels. In this connexion, some members commented that in June 1980, the Administrator should submit a status report indicating the final stages of ISIP with concrete figures on benefits and practical advantages rather than a simple progress report.

507. In response, the Administration confirmed that the planned completion date of May 1979 for the administrative budget system had been met.

508. While the management of the project was being retained by UNDP, outside consultants were providing services as needed. In addition, a separate arrangement had been made for consultants to provide an independent oversight of the project.

509. Regarding the budget, the Administration stated that as mentioned in the budget document (DP/396) and in the ACABQ comments (DP/412), a separate budget for ISIP was presented in document DP/378, which had been submitted to and reviewed by the Advisory Committee. Accordingly, the Administrator would have the authority to spend in 1979 an amount of \$485,000 as stated in paragraph 4 (iv) of the draft decision (see para. 513 below) and as provided for in Council decision 25/18, paragraph 5 (d). In addition, the following points were made in response to issues on which clarifications had been requested:

(a) The query on staffing needs for the entities listed in paragraph 7 of document DP/378 was covered in document DP/396, paragraphs 33 and 34, and in annex IV, addendum 1. It was pointed out that entities such as the Executive Management Committee and the Managerial Policy Group were managerial tools made up of senior staff members to provide policy inputs to the Administrator. No extra cost would be involved.

(b) The amounts shown in paragraphs 6 and 20 of document DP/378 reflected different methods for execution of the projects; the method in paragraph 6 would have been heavily weighted towards external contractual services, with UNDP support costs of \$800,000. Paragraph 20 reflected costs where UNDP was responsible for management and execution, with external contractual services being provided as needed. Accordingly, given a different mix, the \$800,000 was distributed over various components mentioned in paragraph 20, with a resulting decrease in costs for external services.

(c) It was confirmed that the Administrator had sought additional voluntary contributions. In general, however, the responses were that ISIP was considered to be a part of the administrative process and its costs should, therefore, be covered by the administrative and programme support budget.

(d) The increase of the 1980 budget over that for 1979 reflected some increase for inflation, but the bulk of the increase was due to the higher level of effort required for the programming and implementation of the major systems; e.g., the programme and project management system and the general ledger and financial reporting system.

510. The Administration indicated that the matter of agency interface had been emphasized since September 1978 onwards. In this connexion, a series of extremely useful missions had been staged. A detailed questionnaire had been developed by UNDP, the purpose of which was to secure a better understanding of agencies' financial and accounting systems and practices. UNDP would continue to consult and collaborate with the agencies at all stages.

511. As expressed by the UNDP representative to the recent CPC meetings, the CORE project related only to the institutional memory system, which would provide inputs to CORE I. The Committee was informed that UNDP continued to give full support to the CORE I project and was willing to offer its leadership for CORE II, when appropriate.

512. With regard to post-implementation issues, the Administration indicated that the over-all purpose of the project was to improve the quality and timeliness of managerial information in order to provide better financial and management control; it would not necessarily reduce personnel. UNDP was confident, however, that

economic and financial benefits would accrue to UNDP from an improved information system. The special unit established for ISIP would be dissolved as the project approached completion.

Decision of the Governing Council

513. At its 664th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/42, the text of which appears in section N of chapter XXI of this report.

M. OTHER MATTERS

Loans to Governments for accommodation of field personnel

514. For consideration of item 19 (m) of the Council's agenda, the Committee had before it a note by the Administrator (DP/383) which included a proposal for setting up a reserve of up to \$25 million for financing loans to Governments for the construction of housing units for internationally recruited field personnel, and, in particularly difficult or costly situations, for financing the construction of offices. The acute shortage or non-availability of accommodations had become a serious constraint on programme activities.

515. In introducing the item, the Director of the Division of Finance referred to a letter dated 11 June 1979 from the Under-Secretary-General for Administration and Management of the United Nations to the Deputy Administrator. The letter indicated that the Administrator's proposal, as contained in paragraphs 16 and 17 of document DP/383, would be referred for consideration to the Investments Committee of the United Nations and to the members of the United Nations Joint Staff Pension Board. It was also indicated that of the 14 most urgent requirements, all except one were in least developed countries. Further, in explaining why the proposal was restricted to internationally recruited field personnel, the Director stated that it could be assumed that local staff either had housing or were able to secure it and that restrictions most often applied to foreigners rather than to nationals.

516. Most of the members of the Committee expressed approval of the initiatives being taken by the Administrator to solve the problem of providing housing to internationally recruited field personnel financed by UNDP.

517. One member thought that the 5 per cent interest rate, which the Administrator intended to apply to loan repayments, was lower than the inflation rate in most countries and that consideration should be given to increasing the rate. On the other hand, another member considered that developing countries would have great difficulty in paying higher rates. This would be unacceptable to his delegation, particularly since, as he stated, these countries were not responsible for the rates of inflation. He asked how the Administrator intended to cope with the related matter of currency depreciation.

518. In response to these questions, the Deputy Administrator replied that the proposed interest rate was set low as an incentive to Governments to participate in the loan scheme but that it was possible to look at the rate again in terms of amortization and the rents to be paid. The question of currency depreciation did not apply since the loans would be made in US dollars and the repayments would be made in the same currency.

519. Another member sought clarification regarding the meaning of internationally recruited field personnel and emphasized that priority should be given to project personnel. He also wanted assurance that the housing would be modest, conventional and free of frills. Joined by another member, he expressed concern as to whether the main emphasis should not be on providing housing for project personnel, who worked in remote areas, rather than in providing housing in major centres for administrative and other personnel. The Administration gave assurances that the housing would be modest. Assurances were given moreover, that housing would be available to project personnel and other experts as well as for other internationally recruited staff. It was emphasized, however, that much of the problem constraining programme activities was in the major centres.

520. With regard to the proposed financing of the reserve to be set aside for the housing loans, the Deputy Administrator stated that during the financial crisis the loan programme had been suspended in order to give priority to normal programme activities. It was the Administrator's intention to use the working capital resources of UNDP as they became available and, if the Governing Council and the Pension Fund agreed, resources from the Pension Fund could be substituted and guaranteed by UNDP.

521. Several members expressed reservations with respect to the use of Pension Fund resources for this purpose, although one member found merit in the suggestion. The Deputy Administrator explained that, at this stage, UNDP was merely asking approval from the Council to explore the possibility further and, as indicated by the Under-Secretary-General in his letter, the matter would have to be further studied by the Pension Fund and the Investments Committee.

522. Several questions were raised regarding the proposed management, maintenance and administrative arrangements for the properties. In this connexion, one member asked what impact the proposal would have on the regular budget of the specialized agencies. In reply, the Deputy Administrator assured that member that there would be no cost to the regular budgets of the agencies, since they would merely be paying salaries to the project personnel. With regard to maintenance and operation of the properties, this would be done through the office of the resident representative together with the Government. An agreement would be drawn up with the Government covering maintenance and care of the buildings. It would stipulate the amounts to be set aside for this purpose, which would be covered from the rents received. In response to a related question on ownership, the Deputy Administrator replied that the housing would be the property of the Government, but that the loan agreement would include provisions for a resident representative's committee to oversee operations. When the loan had been fully repaid, the agreement with the Government would continue to assure that the units remained at the disposal of UNDP personnel as long as the Programme operated in the country.

523. One member requested information on the present system, the status of construction and repayment and the differences between the present system and the one proposed. The Deputy Administrator pointed out that the major difference in the new system would be the resident representative's committee to oversee the operation and maintenance of the units. Under the present authorization, 200 housing units and one office unit had been constructed. The only major repayment problem encountered had been with the East African Community, which had been dissolved. Under the new proposal, it should be possible to construct 1,086 housing units.

Decision of the Governing Council

524. At its 66th meeting, on 2 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/43, the text of which appears in section N of chapter XXI of this report.

Supplementary budget estimates for 1979

525. Also under item 19 (m) of the Council's agenda, the Committee took up the matter of supplementary budget estimates for 1979. For its consideration of this question, the Committee had before it the following documents: supplementary budget estimates for 1979 (DP/417); and the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (DP/422) thereon.

526. In introducing the item, the Director of the Division of Finance reviewed 1977 and 1978, pointing out that in both years UNDP had been obliged to secure the approval of ACABQ to transfer appropriations between programmes. For 1977, the approval had been ex post facto, while in 1978 it had been possible to submit the request for transfers between appropriations in December 1978, i.e. before the end of the financial year. It was explained that UNDP was now on top of the budget monitoring and management process, partly as a result of getting its computerized budget systems in place. Because of this progress, it was possible to project full-year expenditures, based on an analysis of the actual expenditure experience through March 1979, in time for submission to the twenty-sixth session of the Governing Council. This analysis had been checked against additional data which became available in April and May. The final analysis showed that there were largely uncontrollable cost increases amounting to \$4.5 million. The controllability of all items had then been carefully weighted with a view toward offsetting these increases to the extent possible with other reductions and savings. Accordingly, the revised estimates reflected reductions of \$2.7 million in certain items as an offset to the cost increases of \$4.5 million: this resulted in a net request for additional appropriations in the amount of \$1.8 million. The details were set forth in table 2 of document DP/417.

527. The Director also referred to the Administrator's address at the opening session of the Budgetary and Finance Committee concerning the need to submit supplementary estimates and his belief that this was the minimum likely to be required. He had warned that even this amount might not see UNDP through 1979, if UNDP's recent re-estimation of inflationary costs should prove to be understated by actual increases in costs throughout the world. The Director especially highlighted the potential problem related to income, as set forth in paragraph 7 of document DP/417, which indicated that if the projected income from government contributions of \$10.4 million were not received, then UNDP would have to further reduce costs, if it were to live within its appropriations for 1979.

528. One member stated that it was disappointing to note that the administrative costs were growing at a faster rate than the programme, but found the explanations for the supplementary estimates acceptable and justifiable. The same member considered that there was one issue which should be addressed closely: the establishment of the Division for Programme Support and Co-ordination, as referred to in paragraphs 9 through 16 of the report of the Advisory Committee. The member recalled that at the twenty-third session of the Governing Council, his delegation

had been constrained to raise the question of posts charged under the item "support for UNDP-executed projects". Subparagraphs (k) and (l) of paragraph 255 of the Governing Council's report 12/ reflected the views expressed by a number of members at that time.

529. A member considered that there were two related issues posed by the creation of the Division for Programme Support and Co-ordination. First, whether the new division was necessary, and if so, at what level it should be staffed. In this connexion, there were three co-ordination and planning divisions in UNDP. He compared them to illustrate the difference in staff numbers and grade mix. Second, was the issue of whether the posts contained in this new division should be funded from OPE support costs, considering the decision at the twenty-third session of the Council. In the opinion of the member, the answer to this question was: no. He therefore proposed, if the staffing for the Division were approved, that the costs be transferred to the programme support costs and administrative services costs budget.

530. The member further stated that with the addition of the supplementary estimates for IAPSU and the Division for Programme Support and Co-ordination, the total of OPE support costs would increase from \$723,700 to \$1.1 million in 1979; and to \$2.2 million in 1980-1981, an increase of almost 100 per cent. This increase was not thought to be justifiable, particularly as, in spite of the growth rate of the programme over all, the projected IPF programme delivery of OPE remained at about \$35 million per year.

531. The Assistant Administrator, Bureau for Special Activities, remarked that he was appearing in a dual capacity: for the Bureau for Special Activities and for the Bureau for Finance and Administration. There had been general agreement that the establishment of the Bureau for Special Activities had been a good step in creating a focus to govern the disparate activities of the Bureau. It had become a \$100 million-a-year enterprise and, because the co-ordination and control of the financial and personnel functions were becoming impossible with the present mechanisms, the Assistant Administrator had reviewed the situation with the Administrator. The Administrator had decided that more formalized machinery was required to support and co-ordinate the sixth-largest executing agency in the United Nations development system. In addition to the delivery of IPF-funded projects, OPE was also involved in major activities as an executing agency for CDF and UNRFRNRE and it had also assisted IAPSU. UNV also used their services continuously and frequently. He said that the foundation stone of the Bureau for Special Activities was OPE. This was the logic for establishing the new co-ordination function and for charging its budget to the programme support costs earnings of OPE.

532. The staff and other administrative costs for management, support and co-ordination had been kept low relative to the administrative costs of agencies with a comparable programme delivery. The Assistant Administrator hoped, therefore, that the Committee could agree that there was a good case for charging the Division for Programme Support and Co-ordination against the programme support costs earnings of OPE, rather than to the programme support costs and administrative services costs budget.

12/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3 (E/5940).

533. While accepting some of the points advanced by the Assistant Administrator, the member strongly expressed his view that all of the figures in paragraph 2 of the draft decision should be consolidated in paragraph 1. He also mentioned that a consultant study had been commissioned to survey agencies in order clearly to identify support costs by agency. In the opinion of the member, UNDP should set the example by having a clear policy for the attribution of support costs items.

Decision of the Governing Council

534. At its 665th meeting, on 10 July 1979, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/46, the text of which appears in section N of chapter XXI of this report.

XVI. UNITED NATIONS FUND FOR POPULATION ACTIVITIES

535. Under item 20 of its agenda, the Governing Council had before it for consideration the following documents:

(a) Report of the Executive Director on 1978 activities and the future programme (DP/370 and DP/370/ANNEX);

(b) UNFPA support of intercountry activities (DP/406), suggesting future areas of support to such activities at different percentage levels of the UNFPA total programme;

(c) Large-scale projects and country agreements (DP/FPA/10/Add.1-26);

(d) Budget estimates for the UNFPA administrative and programme support services for 1980 (DP/398), and comments of ACABQ (DP/413);

(e) Request for approval authority for the first three years of the work plan (DP/366);

(f) Audit reports (DP/365);

(g) Outline of long-term staffing proposals (DP/405);

(h) Future infrastructure support by UNFPA of population posts in organizations in the United Nations system (DP/367).

536. The administrative budget estimates, the long-term staffing proposals and the audit reports were considered by the Budgetary and Finance Committee, which reported thereon to the Council (see paras. 556-569 below).

Consideration by the Governing Council

537. The Executive Director of UNFPA, introducing the item and the relevant documents, informed the Council that the slowing down of UNFPA allocations in 1977 had been overcome and that allocations and expenditures in 1978 had increased by 36 and 34 per cent respectively. The carry over from 1978 was \$21 million and the 1978 implementation ratio was 81 per cent. He requested the Council's concurrence with an increase of the 1979 approval authority of \$16 million above the \$120 million already granted; there were additional projects ready for programming and they could be approved by using UNFPA's available unallocated resources.

538. The Executive Director also suggested that the practice of resubmitting large-scale, long-term UNFPA projects for Council approval after two years be discontinued and that among the projects circulated to Council members for information only those exceeding \$250,000, rather than \$100,000, be included.

539. Reporting on recent developments, he informed the Council that negotiations with the People's Republic of China had led to the identification of UNFPA assistance to that country and that a proposal would be submitted to the Council next year. In addition, new requests were expected from several Asian and African countries, and UNFPA could thus utilize all its unallocated resources by the end of 1980; the increase in requests might also require sizable new contributions. Other recent developments included a UNFPA contribution to the International Forum on Aging, sponsored by Opera Pia Alessandrini, and the co-sponsorship with the Inter-Parliamentary Union of a conference of legislators from 60 to 70 countries on population and development, to be held in Sri Lanka next August.

540. Turning to the general state of world population issues, the Executive Director said that in the 1980s the emphasis should be on integrating population concerns in development policies, programmes and strategies. Little progress had been achieved in this regard so far; population elements would have to be embodied in the new international development strategy. In the coming decade, emphasis should also be on the human rights aspects of family planning.

541. Although there were signs of a decline in fertility rates in many developing countries, several, including some of the least developed, continued to evidence high rates. It was also necessary to reduce high mortality rates, especially of infants, and measures to influence migratory movements were called for, as were measures to cope with the problems caused by an aging population. Also, reliable demographic data were still scarce, and efforts in that direction were needed, as was assistance to strengthen various types of governmental and community machinery required to plan and carry out population activities.

542. Council members paid a tribute to the performance and achievements of UNFPA during the first 10 years of its existence, and several members expressed agreement with the Executive Director's outline of tasks ahead in the 1980s and with his suggestion that a discussion be initiated in the Council about UNFPA's future direction. One member, however, felt that this involved extremely complex questions which were a reflection of the diversified nature of population activities, and that many questions were unanswered, making it difficult for members to consider them thoroughly within the limited time usually allotted to UNFPA during Council sessions. Time should be scheduled specifically to permit a full debate in the Council for reviewing the Fund's activities and for discussing the major issues involved. This could be followed by consideration of financial matters in the Budgetary and Finance Committee. Another member endorsed these views. The Executive Director agreed that the Council should devote more time to discussing UNFPA, and suggested at least three days at each session. An internal assessment of UNFPA problems was in progress, the Executive Director stated, and the Council would be notified of the findings at its next session.

543. Touching on UNFPA policies, members urged UNFPA to continue giving emphasis to programmes at the country level. Several members endorsed the growing tendency of direct government execution of UNFPA projects. Formulation of projects which would enhance technical co-operation among developing countries was urged by many members, as was full participation of women in population programmes; UNFPA's record in this respect was commented upon favourably. Greater participation of non-governmental organizations was also advocated. Several members expressed satisfaction with needs assessment exercises; it was urged that they be conducted also in countries not on the priority list, that criteria be developed for assessments in non-priority countries and that a full utilization of their

conclusions be ensured. The Assistant Executive Director informed the Council that UNFPA was in the process of finalizing guidelines for needs assessments. The results of the assessments were useful for all countries in the identification of priority needs.

544. Some members felt that UNFPA should exercise caution regarding involvement in such non-traditional areas of population assistance as aging; it was urged that guidelines be drafted spelling out the role of UNFPA in non-traditional areas. The Deputy Executive Director said that draft guidelines in the areas of population distribution and migration had been completed and guidelines in other areas would be prepared. In the field of aging, UNFPA intended to render assistance in research and in the training of policy-makers and planners, but did not intend to support projects aimed at providing services for the elderly.

545. Several members expressed concern over the slow pace at which UNFPA was reaching the two-thirds goal of allocation of total programme resources to priority countries. Others urged flexibility so that needs of non-priority countries could also be met. The Assistant Executive Director stated that the 1980 target of two thirds of UNFPA resources going to priority countries would be met; as of June 1979, 55 per cent of UNFPA resources was going to these countries, and 66 per cent of the new programmes now before the Council was in priority countries.

546. Members expressed appreciation for the report on UNFPA intercountry activities. Some felt that information on specific projects should have been given; some urged that intercountry activities be action-oriented and that UNFPA should adopt concrete guidelines on what intercountry projects it would support. The Council was divided on what percentage of its resources UNFPA should in future devote to intercountry projects. Several members supported the UNFPA suggestion of 25 to 30 per cent, but others felt the percentage should be lower and one member urged that the share be frozen as an absolute amount. The Deputy Executive Director recalled that guidelines for the selection of intercountry projects had been included in previous documents on this question and had been endorsed by the Council: preference would be given to regional and subregional projects over interregional and global ones; UNFPA would concentrate its support on major programmes identified as not only useful but necessary; projects would be selected which were required for technical backstopping of country programmes; directly executed projects would be given preference so that self-reliance would be enhanced; projects which would have a multiplier effect would be chosen, as would those leading to collaboration in several disciplines and supporting TCDC. As to the percentage, he suggested that the Council agree to the level of 25 per cent, with a possible variation of 1 or 2 per cent.

547. Many members spoke in favour of increased support to bio-medical research. Most of the members who commented on this subject supported the proposal in document DP/406 for increased UNFPA contributions to the WHO Special Programme of Research, Development and Research Training in Human Reproduction, but views differed on the level and timing of such support. The representative of WHO informed the Council about details of the Special Programme and stated that WHO would need an annual contribution from UNFPA of about \$5 million. The Deputy Executive Director called on the Council to decide on the exact level of future UNFPA support to the WHO Special Programme. He suggested as one possibility annual UNFPA grants beginning at \$1 million in 1979 and gradually increasing to \$2 million in 1982. Alternatively, the Council might authorize UNFPA to provide larger amounts but to apply its normal assessment and decision procedures based upon project requests.

548. Members agreed with the request for approval authority for the next three years as presented in document DP/366. Agreement was also expressed with the Executive Director's request for an increase in the 1979 approval authority. In this context, several members voiced satisfaction with the end to the slow-down in allocations which had occurred in previous years. But several members urged further efforts to speed up expenditures and stated that action should be taken to eliminate the carryover from one year to the next. One member urged that UNFPA should not hold large cash balances. Several members urged the wider utilization of contributions in non-convertible currency.

549. Many members expressed appreciation for the continuing low level of administrative expenses in UNFPA. While several members were ready to accept staff increases for the coming years as spelled out in document DP/405, some members felt that the increases were not justified, although some new posts could be approved after questions of staffing were further clarified. Some members opposed reclassification of UNFPA posts as proposed in document DP/398; some members felt that some reclassifications could be granted. (See paras. 563 to 568 below for a summary of the discussion of this question in the Budgetary and Finance Committee.)

550. Several members urged that UNFPA continue the trend of reducing infrastructure support to organizations of the United Nations system and one member requested a progress report on this matter for consideration at the twenty-seventh session. The Deputy Executive Director stated that discussions would continue with a view to reducing infrastructure posts to a minimum by 1982, taking into account the need to ensure proper backstopping of UNFPA country projects. The Council would in due course be informed about progress made.

551. Council members expressed support for the projects and country programmes submitted for approval. Questions were raised, however, in connexion with the proposed projects in Bangladesh, Kenya, the Caribbean and Paraguay. The Assistant Executive Director stated that the UNFPA contribution to the Bangladesh programme would not exceed \$25 million; efforts would be made to raise an equal amount from other funding sources. UNFPA would support projects identified by the needs assessment mission and the projects would complement those financed by other donors; the thrust of UNFPA support would be improvement in programme delivery. As to the Paraguay project, UNFPA was aware of the recent government decision to prohibit the sale of contraceptives and was discussing with the Government what effect this would have on the programme. In addition, the Council was informed that the Government was continuing its support to the voluntary national family planning organization. Regarding the regional project in the Caribbean, the Assistant Executive Director said that the training activities were in the area of family planning. Discussions were continuing with the Government regarding the programme in Kenya and allocations to the maternal and child health and family planning component would depend on the formulation of the Government's plans. The full support of the Government was ensured.

552. As to the global and interregional project proposals, several members endorsed further UNFPA support to the United Nations-Romanian Demographic Centre. The Deputy Executive Director confirmed that approval of support to the project for 1980-1983 would not constitute any commitment to provide further support. In reply to comments on the World Fertility Survey, the Deputy Executive Director said that the usefulness of that programme was beyond doubt and that a number of project submissions at the present session were based on data derived from the Survey.

553. Members agreed with the Executive Director's suggestion that the Council in future should approve UNFPA programmes of four-to-five years for their durations without requiring resubmissions after two years, and that information circulated to Council members on projects approved under the Executive Director's authority be for those exceeding \$250,000 rather than \$100,000. One member, however, felt that in both instances the present practice should continue; another member stated that the practice of submitting progress reports on large programmes should be maintained.

554. Several members, noting that this year for the first time UNFPA would participate in the single pledging conference for United Nations operational programmes, expressed the hope that this would lead to an increase in the number of countries contributing to UNFPA. One member noted that the number of donors to UNFPA had actually decreased in recent years. The importance of small pledges, including those by recipient countries, was stressed. Two members announced an increase in their contributions. The Executive Director, in response to questions, informed the Council that the prospects for reaching the 1980 target of \$138 million were good.

Decision of the Governing Council

555. At its 662nd meeting, on 28 June 1979, the Governing Council adopted decision 79/28 I, the text of which appears in section 0 of chapter XXI of this report.

Consideration by the Budgetary and Finance Committee

556. Under agenda items 20 (d), (f), and (g) of the Council's agenda, the Committee had before it the following documents:

(a) The UNFPA budget estimates for administrative and programme support services for 1980 (DP/398);

(b) Comments of the Advisory Committee on Administrative and Budgetary Questions on the UNFPA administrative budget (DP/413);

(c) The UNFPA audit reports (DP/365);

(d) Report of the Executive Director containing long-term staffing proposals for UNFPA headquarters up to 1982 (DP/405).

557. The Executive Director of UNFPA, introducing the items, pointed out that during the last five years UNFPA staff had increased by only 39.8 per cent although total expenditure had increased by 108.5 per cent. UNFPA had maintained a self-imposed ceiling of 7 per cent for administrative expenses and had kept the number of staff low during its first 10 years. An internal review, however, had shown that a threshold in staff needs had been reached and that additional staff was required if efficient delivery of programmes were to continue.

558. The administrative budget estimates for 1980 represented 5 per cent of the total budget, and 7.8 per cent if the costs of field co-ordinators were included. In 1979, eight new co-ordinator posts had been established, reflecting the priority system, and four had been discontinued. In four regions, UNFPA liaison

officers had been posted in consultation with the executing agencies. Over-all budget increases were in large part due to inflationary increases in costs.

559. As to the view expressed by ACABQ in document DP/413 that no reclassifications of posts should be granted in 1980, he felt that the lack of flexibility this would cause would be detrimental to the performance of the UNFPA staff. Workload data contained in the budget document did not show the whole picture since many of the staff activities were not easily quantifiable.

Summary of discussion in the Committee

560. Members expressed satisfaction with the format of the budget document and with the clear manner in which the budget had been presented.

561. Several members expressed satisfaction with the continuing low percentage of administrative expenses compared with the total UNFPA budget, although some expressed concern about an increase in the percentage if the staffing as proposed in document DP/405 were to be implemented.

562. The ACABQ suggestions concerning staffing and reclassification proposals for 1980 were supported by many members, while others felt that all the staff increases and reclassifications should be granted as proposed in document DP/398. Some members felt that the increases, especially in the Programme Division, were justified, in line with the ACABQ suggestions. It was urged that the ACABQ comments be taken as a basis for further informal discussions on staff increases. Several members concurred with the UNFPA position that increases in programme volume warranted increases in staff, while some felt that an increase in programme resources did not automatically have to lead to more staff. In reply to comments by members regarding his statement last year that no substantive staff increases would be requested in 1980, the Executive Director pointed out that the requests were the result of a thorough internal review which showed that qualitative, as much as quantitative, changes in the character of the UNFPA programme required the addition to the staff of specialists in new areas.

563. As to reclassifications, some members felt that some flexibility had to be given to the Executive Director in this respect, while others urged that no reclassifications be granted at all, as suggested by ACABQ. Some felt that several reclassifications including two to the D-1 level were in order.

564. While the Committee generally agreed that the field co-ordinators should continue to be financed from project budgets, some felt that larger increases in this respect, like the ones foreseen in 1980, as well as establishment of UNFPA regional liaison officers' posts, should be presented to the Council in advance.

565. Some members welcomed the increased execution of UNFPA projects by recipient Governments. One member, however, felt that this was not a desirable trend.

566. Two members referred to the ACABQ comments in paragraph 36 of document DP/413 regarding UNFPA posts at headquarters not included in the administrative budget and asked for more detailed information on such posts. One member expressed agreement with the ACABQ remarks concerning large transfers from one budget item to another. One member urged that a management audit should be undertaken in UNFPA.

567. At the conclusion of the debate the Executive Director declared that UNFPA would continue to hold its administrative expenses as low as possible and urged the Council to give him flexibility in staff matters, as it had in the past. It was agreed that private consultations would be held concerning the Committee's decision on staffing and reclassifications.

568. After adoption in the Committee of the recommendation referred to in paragraph 569 below, the secretariat clarified that the following new posts had been approved in UNFPA for 1980: two G-5 and one G-2/4 posts for the Administrative and Finance Division; one P-4 post in the Information and Public Affairs Division; and one P-4, one P-3, two P-1/2, three G-5 and three G-2/4 posts in the Programme Division. In addition, the reclassification of two P-5 posts to D-1 and of one G-4 post to G-5 had been approved.

Decision of the Governing Council

569. At its 664th meeting, on 2 July 1979, the Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 79/28, II, the text of which appears in section 0 of chapter XXI of this report.

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

A. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

570. Under item 21 of its agenda, the Council had before it for consideration the report of the Secretary-General on technical co-operation activities of the United Nations (DP/RP/20).

571. In a brief introductory statement, the Under-Secretary-General, Department of Technical Co-operation for Development (DTCD), stressed the unique role that technical co-operation had to play in facilitating the transition to a new international economic order called for in a number of General Assembly resolutions. In this connexion, he referred to the need for the international community to provide resources commensurate with the requirements of the developing countries. Since his appointment as Under-Secretary-General, on 1 June 1979, he had been reviewing the implications for the organization of DTCD of General Assembly resolution 32/197; he expected to complete the review shortly and would report to the appropriate legislative body.

572. The Assistant Secretary-General DTCD, then introduced the Secretary-General's annual report. The year 1978 had been one of many significant changes, the most important of which was the creation of the Department of Technical Co-operation for Development in response to resolution 32/197. It had been accompanied by the dispersal of some activities from the Department as a result of the creation of the Centre for Human Settlements in Nairobi and of the decentralization of regional and subregional projects to the regional commissions. These represented about 22 per cent of the total 1978 programme. The Department was therefore still in a period of transition, and the implications of some of these developments for its future activities and structures was not yet entirely clear.

573. Despite these uncertainties, the total programme delivered had been \$98 million, of which \$65 million had been financed by UNDP, \$12 million by UNFPA, \$5.5 million by the Regular Programme, and the rest from trust funds. This total compared to \$83 million in 1977, and a forecast of \$95 million for 1979, even allowing for decentralization and other factors reducing the programme. The over-all implementation rate in 1978 had been 72 per cent. Continuing attempts were being made to improve delivery as well as the system of management information and monitoring.

574. On the qualitative side, progress was being made on the introduction of new dimensions, particularly through the increased use of national project co-ordinators, government execution and of expert candidates from developing countries, as well as local or regional subcontracts. In a number of cases, innovative approaches were being used and the project "Exchange of Experience and Training in Community Development and Appropriate Technology", financed from the Regular Programme, was mentioned in this regard, as well as the project

"Assistance to the Organization for the Development of the Senegal River Valley (OMVS)". Changes in the nature and relative importance of inputs could also be noted, as could an increased demand for the transfer of very specialized techniques. With the concentration within the new Department of all those units concerned with technical co-operation activities for which responsibility was assigned to the United Nations, and a realignment of internal structures and working methods, it should be possible to develop an integrated and multidisciplinary approach among the various fields of specialization in the Department. A good example was the recent Inter-Regional Symposium in Lomé on the Development Process and Technological Options in Developing Countries. The Department would also be providing major substantive support for the United Nations Conference on New and Renewable Sources of Energy.

575. In conclusion, the Assistant Secretary-General stressed that the main objective of the new Department was to provide more effective services to the developing countries within the context of the new international economic order and the new international development strategy. To this end, it was essential that the Department's role should be well known and well understood and that it should be endowed with a positive and well-defined identity as were other executing agencies. She suggested that there was a common thread running through the Department's varied activities that made possible an over-all definition, for all were in some way related to the fundamental infrastructure of development, whether in the physical sense of natural resources and energy, or in the broader, but equally important sense of economic and social planning for development, statistics, population and public administration and finance. The function of development planning was particularly important and could be of use to the United Nations system as a whole in assisting developing countries to play their part in the international development strategy and in the improvement and expansion of country programming. For this reason a strengthening of the Regular Programme's activities in this regard had been suggested in DP/RP/20.

Summary of the discussion

576. One member found the new format of the report very informative and encouraged its continued use, possibly expanded to cover such other technical co-operation activities of the United Nations as those of the Centre for Transnational Corporations and the regional commissions.

577. Another member commented that DTCD should play a positive role in the establishment of the new international economic order and in the implementation of the new international development strategy. He looked forward to closer participation between his Government and the Department in the form of joint projects, and the arranging of study tours and seminars in his country.

578. Several delegations responded favourably to the increased level of implementation of the programme, but agreed that the quality of the programme must also be maintained. Two also suggested that greater attention should be given to the Department's programme in future meetings of the Governing Council, and welcomed the suggestion that the Department, given its particular expertise in economic planning, should provide broader support for country programming.

579. One member, in recognizing the wide-ranging role of DTCD as executing agency in several fields, requested the Department to prepare for submission at the next session a statement of its over-all orientation, and a draft work programme of the Department's involvement in the third UNDP programming cycle.

580. The same member requested information on the percentage of the Department's regular programme funds that benefited the least developed countries; on the methodology used in evaluation; and whether the doubling of equipment and contractual services mentioned in paragraph 81 of document DP/RP/20 represented a decline in other inputs or was due to some other reason. Another delegation cautioned against the dangers of any excessive increase in the equipment components.

581. One member noted with regret the relatively small number of experts recruited from his country and hoped that greater account would be made of geographical representation in the selection of experts. In addition, he offered to increase his Government's assistance by arranging more training courses, seminars and symposia in his country. He hoped that greater use would be made of his country's financial contribution to the United Nations Regular Programme of technical co-operation.

Response by the Assistant Secretary-General

582. Responding to the discussion, the Assistant Secretary-General thanked the members of the Council for the interest shown in the report and for the encouragement given to the Department's efforts to consolidate and improve its work. In reply to the questions raised, she indicated that the Department would be willing to widen the coverage of the report, if that were the desire of the Council as a whole. Since the Regular Programme was very limited in size, it was not primarily directed to country activities and therefore it was not possible to define exactly the portion of the Regular Programme directed towards the least developed countries. In establishing priorities for its work, however, a principal criterion was that poorer countries should benefit to the maximum extent possible.

583. As regards the methodology of evaluation, in joint activities with UNDP the Department had used the methodology described in the documents submitted to the Council at this and previous sessions on the joint UNDP/agency evaluation programme; the Department's own work in project evaluation was now being developed in a more systematic way as part of the process of realignment. The increase in equipment and subcontracts did indeed mean that these components were becoming proportionately larger in relation to other inputs, but they were provided in a manner consonant with new dimensions and responded to government requests.

584. On the question of geographical distribution of experts, a number of constraints existed, since the primary concern had to be the provision of the right person in the shortest possible time and the final choice lay with the recipient country. Within those limitations, however, the Department made every effort to provide as wide a range of experts as possible, and took particular care with the geographical composition of the panels of candidatures submitted to Governments.

585. In conclusion, the Assistant Secretary-General welcomed the clear indications that the Council wished to take a closer interest in the Department's programme and activities.

Decision of the Governing Council

586. At its 661st meeting, on 28 June 1979, the Council adopted decision 79/22, the text of which appears in section P of chapter XXI of this report.

B. INFORMATION ON THE REGULAR AND EXTRABUDGETARY PROGRAMMES OF TECHNICAL CO-OPERATION OF ORGANIZATIONS IN THE UNITED NATIONS SYSTEM 13/

587. Under item 8 of its agenda, the Council was to have considered the report of the Administrator (DP/381) containing statistical data on technical co-operation expenditures of organizations in the United Nations system in 1978 funded by resources other than those of UNDP, and on extrabudgetary contributions to the agencies for technical co-operation purposes. The report also summarized the results of discussions which had taken place with the agencies regarding the future of the report.

588. The Council was informed that the report of the Administrator would not be available to the Council in all its working languages and therefore could not be considered formally by the Council. However, members of the Council who wished to comment on the report were invited to do so in order to provide the Administrator with some guidance for future work in this area.

589. Members who commented on the report considered it to be a useful document which made possible the type of comprehensive review of the United Nations system's operational activities which was called for in General Assembly resolution 33/201. At the same time, these members noted that definitional and informational weaknesses in the report hampered any rigorous analysis of the data. They therefore supported the Administrator's proposals that further work should be done, primarily by means of interagency consultation, to classify United Nations system operational activities by type of activity and to standardize agencies' reporting on technical co-operation expenditures. Particular importance was attached to the need to distinguish technical co-operation from other operational activities of the United Nations system.

590. It was noted that any future work in this area would have to be of an interagency nature. Speaking on behalf of a number of members, one member expressed surprise that some agencies had questioned UNDP's role in collecting information for reports such as that contained in document DP/381. This member wondered whether these were the same agencies that appealed to partnership on issues such as support costs. Referring to the responsibilities of the Administrative Committee on Co-ordination in this area, another member expressed concern at some agencies' lack of support for the Common Register of Development

13/ At the time of consideration of the Council's report on its twenty-sixth session, the draft text of this section of the report was not available in all working languages. It was agreed, therefore, that approval of this section would be provisional and that members concerned would have the right to submit amendments, as deemed necessary, at the next meeting of the Council.

Activities (CORE). That member suggested that the Director-General for Development and International Economic Co-operation should be responsible for making recommendations regarding further work in this area and future reporting to the Economic and Social Council. In the longer term, the Director-General possibly should be assigned the task of undertaking the necessary work. Pending such an assignment of responsibilities in this area, he felt that UNDP should continue to produce this report for the Governing Council.

591. Referring to the data in the report, one member commented that the data showed UNDP to be a minority partner in the flow of technical co-operation resources through the United Nations system. He noted that some agencies appeared to be increasing their technical co-operation expenditures faster than UNDP. Taking into account agency-reported technical co-operation expenditures funded from non-UNDP resources and the technical assistance component of World Bank loans, UNDP was responsible for only about a third of United Nations system technical co-operation activities in 1978. He considered that the situation raised questions as to why the agencies appeared to be more attractive channels for technical co-operation resources than UNDP and he commented that the trend was disturbing, with considerable implications for the future of UNDP.

592. Because the Council was unable to consider formally the report of the Administrator (DP/381), it was proposed that the report should be included in the documentation made available to the Economic and Social Council at its second regular session of 1979. This suggestion was accepted by the Council.

XVIII. ACTION TAKEN IN 1978 BY ORGANS OF THE UNITED NATIONS AND
ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

593. For its consideration of agenda item 16, the Council had before it documents DP/384 and Add.1 which drew attention to resolutions and decisions adopted during 1978 by the General Assembly, the Economic and Social Council and organizations within the United Nations system which called for action by or were of particular interest to UNDP.

Summary of the discussion

594. One member drew attention to Economic and Social Council resolution 1979/31 adopted on 9 May 1979 at the first regular session of 1979, on the International Drinking Water Supply and Sanitation Decade, to be launched in 1980, and which would have an important impact on the work of the Governing Council. The hope was expressed that the Council, at its current session, would adopt a decision on the goals and objectives of the Decade and on the proposals put forth by the Economic and Social Council. In that regard the following suggestions were made:

(a) The seven-member Steering Committee, chaired by the UNDP Deputy Administrator, should be asked to meet within the next month in order to seek agreement on the respective roles and responsibilities of the secretariats of the member agencies: UNDP, WHO, the World Bank, the United Nations, the ILO, FAO and UNICEF.

(b) In order to give the Decade the priority attention it would need, the three principal agencies - WHO, the World Bank and UNDP - should each identify and create a small special unit reporting to the head of the agency which would be responsible for implementing the tasks assigned to that agency.

(c) The Consultative Group on the Decade, consisting of donor Governments, international banks and a number of United Nations agencies, should meet again in the fall of 1979 to discuss the status of plans for the Decade and to review the role of donor nations.

(d) Interested Governments might look at the arrangements already being carried out in this area by the Governments of Nepal, Malawi and Cuba which had adopted major policy decisions dedicated to achieving the goals of the Water Decade to provide safe water and sanitation facilities by the year 1990.

595. The Administrator welcomed the suggestion that the Council adopt a decision in support of UNDP's participation in the Water and Sanitation Decade.

596. With regard to the content of the documentation under this item, the Secretary of the Council proposed that in future only titles of resolutions be given when the texts of resolutions were covered elsewhere in the documents of the Council or dealt with directly under other agenda items.

597. At its 658th meeting the Council considered a draft decision submitted by the representative of the United States. Following an exchange of views the sponsor agreed to revise the proposal.

Decision of the Governing Council

598. At its 660th meeting, on 27 June 1979, the Council adopted decision 79/15, the text of which appears in section Q of chapter XXI of this report.

XIX. OTHER MATTERS

A. CONTROL AND LIMITATION OF DOCUMENTATION

599. The question of documentation for the Governing Council was taken up under item 22 (a) of the Council's agenda.

600. In introducing the item, the Secretary of the Council reviewed the difficulties that had been encountered with respect to the preparation of documents for the present session. Several members reiterated their serious concern regarding the non-availability of certain documents in all working languages. They stressed that in connexion with the consideration of other items of the Council's agenda, their participation in the relevant discussions had been hampered either by the absence or by the late issuance of a document in a particular working language.

601. It was noted that the translation, reproduction and distribution of documentation was the responsibility of the United Nations Secretariat and that virtually all organs of the United Nations which had met this year had experienced difficulties similar to those of the Governing Council at its twenty-sixth session. Members of the Council expressed the view that while over-all remedial action would have to be taken at the level of the Economic and Social Council and the General Assembly, the Governing Council itself should review its own requirements for documentation and, as far as possible, control and limit its requests for new documents in accordance with existing recommendations of the General Assembly and the Economic and Social Council.

602. At its 643rd meeting, the Council established an informal working group on documentation, open to all members, under the chairmanship of Mr. Benjamin Bassin (Finland). The working group held three meetings, and as a result of its discussions, the text of a comprehensive draft decision on the control and limitation of documentation was agreed upon.

603. The Council subsequently considered the draft decision submitted on behalf of the Chairman of the working group.

604. At its 664th meeting, on 2 July 1979, after an exchange of views on the designation of specific periods of time during Council sessions for consideration of UNFPA and other items, the Council adopted decision 79/33, the text of which appears in section R of chapter XXI of this report.

Decision of the Governing Council

B. GUIDELINES CONCERNING THE RELATIONSHIP BETWEEN UNDP AND EXTERNAL INSTITUTIONS

605. For consideration of item 22 (b) of its agenda, the Council had before it a note by the Administrator (DP/414) which contained guidelines prepared to help regularize working arrangements between UNDP and those organizations and

institutions which sought to enter into co-operative relationships with the Programme for the benefit of developing countries. The item was introduced by the Administrator who expressed the hope that the guidelines would help to achieve a higher degree of uniformity in relationships between UNDP and external institutions in order to enhance over-all co-operation with developing countries.

606. In addition, the Administrator said that during the course of informal consultations since the guidelines had been prepared, it had been suggested that they be adopted for a trial period of three years with an annual report to the Council on their implementation, and an evaluation of them at the end of the three-year period.

607. The Administrator also called the attention of the Council to certain amendments to the guidelines which had been approved during consultations. These amendments, which were read by the Secretary of the Council, were as follows:

(a) In section 3 (b) the words "one of" were deleted;

(b) In section 3 (c) the words "including ILO conventions" were added at the end of this section;

(c) In section 3 (g), the words "or be compensated by UNDP in accordance with UNDP's financial regulations and rules" were replaced by the words "or through an appropriate allocation from the recipient country's Indicative Planning Figure or through other UNDP resources, if necessary".

608. The Administrator also emphasized that the guidelines would have application to a wide variety of institutions and organizations including those in the fields of education, science, labour and trade.

Summary of the discussion

609. All members who spoke expressed their appreciation to the Administrator for formulating a framework which could potentially increase the flow of resources and skills to developing countries.

610. One member drew attention to the importance of the evaluation after the three-year period, and urged a cautious approach because of the innovative nature of the guidelines. It was added that the guidelines should apply to a wide variety of organizations with wide geographical representation and not be limited solely to organizations associated with transnational corporations. Another member expressed the hope that in their application, the guidelines would not lead to a duplication of other work carried out by UNDP, and asked for more information about organizations with which UNDP would co-operate and to which the guidelines would apply.

611. The Administrator informed the Council that UNDP would respect to the fullest the observations made by members regarding the guidelines and that an indicative list of organizations with which co-operative arrangements might be pursued would be presented to the delegation that had requested that information.

Decision of the Governing Council

612. Acting on a proposal by the President, the Governing Council, at its 658th meeting, on 26 June 1979, adopted decision 79/19, the text of which appears in section R of chapter XXI of this report.

XX. DATE AND PROVISIONAL AGENDA OF THE
TWENTY-SEVENTH SESSION

Provisional agenda

613. The Council considered the draft provisional agenda of its twenty-seventh session which had been prepared taking into account the various decisions adopted at the present session as well as the related views expressed by members. (See, particularly, decision 79/8, II, on procedures of the Council for dealing with programme matters, and decision 79/33 on control and limitation of documentation.) Following an exchange of views, it was agreed that the title of agenda item 4 (g) should be changed to conform to the title of the related decision of the Council, 79/15. It was also agreed that item 10 (i), UNFPA budget, should be deleted in order to avoid a duplication of item 7 (a) (iv).

Decision of the Governing Council

614. At its 665th meeting, on 10 July 1979, the Council adopted decision 79/49, I, the text of which appears in section S of chapter XXI of this report.

Dates and places of meetings of the Council in 1980

615. A note by the secretariat provided the Council with a proposed schedule for its twenty-seventh session, as well as for the special meeting on preparation for the third cycle, 1982-1986 (see decision 79/23), and for a meeting of the study group on options for achieving more stable and predictable financing (see decision 79/11). Following a suggestion by the President to have the Budgetary and Finance Committee hold its initial meetings during the week immediately preceding the opening of the twenty-seventh session, the Council agreed on the proposed schedule of meetings as revised.

Decision of the Governing Council

616. At its 665th meeting, on 10 July 1979, the Council adopted decision 79/49, II, the text of which appears in section S of chapter XXI of this report.

XXI. DECISIONS ADOPTED BY THE GOVERNING COUNCIL
AT THE TWENTY-SIXTH SESSION

A. ANNUAL REPORT OF THE ADMINISTRATOR FOR 1978 AND ASSISTANCE
TO AFRICAN COUNTRIES IN RESPONSE TO GENERAL ASSEMBLY
RESOLUTIONS 33/123 TO 33/132

79/9. Annual report of the Administrator for 1978

The Governing Council

1. Takes note of the annual report of the Administrator for 1978 (DP/380, DP/380/Annex I and Corr.1, DP/380/Annex II) and of the views expressed thereon by Council members and observers;
2. Expresses its appreciation for the analysis presented to the Council of those operational issues of direct relevance to the formulation of the new international development strategy;
3. Invites the Administrator to pursue his consultations with officials directly involved in the administration of technical co-operation activities with a view to identifying, on a broad basis, policy and operational issues which should be taken into account in the orientation of the Programme in the years ahead and to keep the Council informed of the issues thus identified;
4. Requests the Administrator to consult with officials from developing countries and from donor agencies on the possibility of devising a checklist of uniform or standard procedures to facilitate the administration of development operation by developing country officials and to report in 1980 on the results of these preliminary discussions.

660th meeting
27 June 1979

B. ROLE AND ACTIVITIES OF UNDP

79/10. Role and activities of UNDP

The Governing Council,

Taking note of the report of the Administrator on the role and activities of UNDP (DP.363), and its addenda on the examination of the country programming experience (DP/363/Add.1), on the UNDP/Agency Evaluation Programme (DP/363/Add.2), on investment follow-up (DP/363/Add.3), on the intercountry programming experience (DP/363/Add.4), and on UNDP and the new international economic order (DP/363/Add.5), as well as of the statement of the Deputy Administrator and the observations made during the discussion by members of the Council and observers,

I

Country programming

1. Expresses its appreciation of the Administrator's continued efforts to improve substantive co-ordination of technical co-operation, inter alia, through the progressive improvement of the country programming process and of co-ordination at the field level to strengthen the impact of co-operation provided by the United Nations system in support of the development efforts of the developing countries;

2. Endorses the examination undertaken by the Administrator, in close consultation with the recipient Governments and the organizations of the United Nations system, of the experience with country programming and requests him to take into account the comments and suggestions made during the debate in conducting this examination and to report his findings and recommendations to the Council at its twenty-seventh session;

3. Requests the Administrator to ensure in particular that the examination of country programming aims at introducing measures which will contribute to the implementation of paragraph 33 of the annex to General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system;

II

Evaluation

4. Notes with appreciation the substantive work in programme evaluation being carried out by UNDP in co-operation with the agencies, as set out in document DP/363/Add.2, and the progress reports on women in development and agricultural training;

5. Requests the Administrator:

(a) To maintain the emphasis placed on programme evaluation as a continuous activity, with the purpose of enhancing the effectiveness and quality of technical co-operation, and, in particular, to ensure that the lessons learned from the evaluation studies are applied in the identification and design of future projects, and to explore further the best ways of achieving this;

(b) To examine, in collaboration with the executing agencies, ways of systematizing the evaluation of individual projects, as well as the cost of more extensive systematic project evaluation, and report his findings to the Governing Council at the twenty-seventh session;

(c) To keep the Council regularly informed of the purposes, content and direction of the current and planned evaluation programmes;

(d) To provide the Council with summaries of the studies completed during the year, including the important conclusions and recommendations;

(e) To publish the evaluation reports in a UNDP series as and when they are completed and to give them appropriate distribution;

(f) To report to the Council at its twenty-seventh session and include information on the financial implications of his recommendations;

6. Requests the Administrator to submit an evaluation report on the global programmes to the Council at the twenty-seventh session;

III

Investment follow-up

7. Invites Governments to give due priority to pre-investment studies in their country programmes and to provide UNDP with information on investment resulting from UNDP pre-investment activities;

8. Notes the arrangements made for the strengthening of the central unit for investment follow-up at UNDP headquarters;

9. Notes with satisfaction that the arrangement with FAO has produced favourable results and requests the Administrator to continue, until the twenty-seventh session of the Council, the experimental arrangement with FAO for increasing the investment potential of FAO-executed projects financed from individual project budgets and, as an exceptional measure at the experimental stage, from savings in the 1979 administrative budget, and to review, on the basis of experience, the possibility of continuing this arrangement and extending it to other executing agencies, and decides to revert to this matter at its twenty-seventh session;

10. Requests the Administrator to carry out investment development studies as proposed in document DP/363/Add.3, keeping in mind particularly the needs of the least developed countries, and to submit his reports to the Council at its twenty-seventh session;

IV

Equipment and supplies in UNDP-assisted projects

11. Reaffirms the provisions contained in the annex to General Assembly resolution 2688 (XXV) and in the Council's decision on new dimensions in technical co-operation ^{14/} concerning the supply of equipment and other material resources to be provided by UNDP;

12. Notes the Administrator's assurance that the supply of such UNDP-financed inputs be fully in conformity with the basic purpose of technical co-operation and pre-investment as so provided in these decisions;

V

Intercountry programming

13. Recalls General Assembly resolutions 2688 (XXV) of 11 December 1970 on

^{14/} See Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2A (E/5703/Rev.1), para. 54.

the capacity of the United Nations development system, in particular its provisions relating to priority setting, and 3405 (XXX) of 28 November 1975 on new dimensions in technical co-operation, especially its aspects relating to technical co-operation among developing countries as well as Economic and Social Council resolution 1978/74 on regional co-operation and development;

14. Recalls further resolution 194 (XXXV) of the Economic and Social Commission for Asia and the Pacific, resolution 387 (XVIII) of the Economic Commission for Latin America and resolution 70 (VI) of the Economic Commission for West Asia, on co-operation between developing countries, particularly the provisions of these resolutions on regional co-operation;

15. Acknowledges the need to enhance the collective involvement of developing countries of each region in determining the priorities for the intercountry programmes presented to the Governing Council;

16. Notes the information provided by the Administrator on the importance of regional, interregional and global programmes in responding to regional and global priorities, in particular the establishment of a new international economic order;

17. Decides to review present practices for determining the priorities for the intercountry programmes in order to enhance the collective involvement of developing countries of each region in setting priorities for the regional programmes of the third cycle and to include this review as an item on the agenda of its twenty-seventh session;

18. Requests the Administrator to prepare a report for this review, in consultation, when feasible, with the executive heads of the specialized agencies of the United Nations system, with the executive secretaries of the regional commissions, and with the heads of other appropriate regional and subregional organizations of developing countries;

19. Endorses the steps being taken by the Administrator in accordance with General Assembly resolutions 32/197 (para. 23 of the annex) and 33/202 (sect. V, para. 3) to ensure the best possible consideration of regional commissions, as executing agencies "for intersectoral, subregional, regional and interregional projects and, in areas which do not fall within the purview of the sectoral responsibilities of specialized agencies and other United Nations bodies, for other subregional, regional and interregional projects";

VI

UNDP Interagency Task Force

20. Recalls the views expressed at its twenty-fifth session 15/ concerning the role played by the Interagency Task Force (IATF) in improving co-ordination between UNDP and the agencies in matters relating to operational activities and other issues of common concern;

21. Believes the IATF is playing an important role in the process of interagency consultation for technical co-operation activities of the United Nations system;

15/ Official Records of the Economic and Social Council, 1978, Supplement No. 13, (E/1978/53/Rev.1), para. 293.

22. Endorses the Administrator's proposal to extend the mandate of the Task Force to 30 October 1980;

23. Welcomes the involvement of the Task Force in the forthcoming study of the country programming experience and other such studies of direct interest to the United Nations system and invites all participating and executing agencies to associate themselves with this consultative mechanism;

VII

New international economic order

24. Takes note of the report of the Administrator of UNDP on the new international economic order (DP/363/Add.5) which will be submitted to the General Assembly at its thirty-fourth session;

25. Requests the Administrator:

(a) To finalize the report, taking into account the comments made during the discussion of this item and to submit it to the General Assembly at its thirty-fourth session;

(b) To prepare a comprehensive report for submission to the General Assembly at its special session in 1980, as called for in paragraph 3 of General Assembly resolution 33/198;

(c) To submit the text of this report for review by the Council at its twenty-seventh session, or, if the special session of the General Assembly precedes the Council's session, to submit the reports directly to the General Assembly.

660th meeting
27 June 1979

79/16. Science and technology for development

The Governing Council,

Taking note of the document prepared by the Administrator for submission to the United Nations Conference on Science and Technology for Development which was made available to the members of the Governing Council at the twenty-sixth session, as well as the views expressed by delegations during the session,

Emphasizing the fundamental and integral role of both science and technology in economic and social development in developing countries,

Recognizing the responsibilities of the organizations of the United Nations system for early follow-up action in their respective areas of competence on the decisions of the Conference, as approved by the General Assembly,

Bearing in mind the responsibility of UNDP, as the central funding body for technical co-operation in the United Nations system, to mobilize resources for technical co-operation and manage them effectively to respond to the development priorities and objectives of developing countries,

1. Requests the Administrator to take the measures needed, in co-operation with the concerned organizations of the United Nations system, to enable UNDP to respond promptly and effectively to those decisions of the United Nations Conference on Science and Technology for Development, as approved by the General Assembly, which may be of concern to UNDP;

2. Requests further the Administrator, if the decisions of the General Assembly require urgent action by the Governing Council that cannot await the regular Council session, and subject to the allocation of resources by the General Assembly, to take the appropriate steps for the convening of a special meeting of the Governing Council so that action may be taken for the Programme to respond promptly to the General Assembly recommendations.

658th meeting
26 June 1979

79/30. Restructuring of the economic and social sectors
of the United Nations system

The Governing Council

1. Takes note with appreciation of the Administrator's note (DP/408) on the restructuring of the economic and social sectors of the United Nations system;

2. Endorses the Administrator's view that the over-all aim of the restructuring of the economic and social sectors of the United Nations system should be to ensure a more coherent, integrated and multidisciplinary approach to development problems and for operational activities, in particular, to achieve a real increase in the flow of resources on a predictable, continuous and assured basis;

3. Welcomes the establishment by the Administrative Committee on Co-ordination of a Consultative Committee on Substantive Questions (CCSQ) (OPS), to deal with issues related to system-wide operational activities and the tasks identified by the Administrative Committee on Co-ordination to be performed by CCSQ (OPS);

4. Endorses the measures already taken with respect to the implementation of these provisions contained in the annex to General Assembly resolution 32/197 as they pertain to UNDP, in particular, the measures in respect to holding a single annual United Nations pledging conference, to achieve maximum uniformity for administrative, financial, budgetary, personnel and planning procedures, and to ensure coherence of action and effective integration of operational activities of the United Nations system at the country level, such as the utilization of the UNDP country programming process as a frame of reference for the operational activities carried out and financed by organizations in the United Nations system from their own resources;

5. Takes note of the text adopted by the Administrative Committee on Co-ordination of a standard letter of designation of the "Single officials", to be known as the "Resident Co-ordinators of the United Nations system's operational activities for development" and notes that practical arrangements for the exercise of their functions are still under consideration by the Administrative Committee on Co-ordination;

6. Considers in this connexion that, in this regard, the following points should be kept in mind:

(a) The arrangements to be worked out for the exercise of the functions of the Resident Co-ordinator should enable them to exercise effectively their functions, as defined in paragraph 34 of the annex to General Assembly resolution 32/197;

(b) These arrangements should also enable the Resident Co-ordinators to ensure at the country level the achievement of the objectives set in paragraph 28 of the annex to General Assembly resolution 32/197, in respect of operational activities, and the effective implementation of the provisions of paragraph 33 of the same annex;

(c) The responsibilities of the Resident Co-ordinators, as in the case of the present responsibilities of the UNDP resident representatives, should be confined to operational activities;

7. Brings to the attention of the Economic and Social Council its other decisions adopted at its present session related to the implementation of General Assembly resolution 32/197;

8. Requests the Administrator to keep the Council informed of subsequent action taken to implement the relevant provisions of General Assembly resolution 32/197, as well as an evaluation of the effectiveness of those measures already taken;

9. Approves the changes in the rules of procedure of the Governing Council proposed in the Administrator's note (DP/408, annex II).

664th meeting
2 July 1979

C. CONSIDERATION OF: (A) OPERATIONAL AND POLICY MATTERS REGARDING THE IMPLEMENTATION OF COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES AND PROJECTS; (B) RELATED PROCEDURES OF THE GOVERNING COUNCIL FOR DEALING WITH PROGRAMME MATTERS

79/8. Operational and policy matters regarding implementation and related procedures of the Governing Council for dealing with programme matters 16/

The Governing Council

I

1. Takes note with appreciation of the analysis of the implementation issues contained in the Administrator's annual report (DP/380) and in his note (DP/402), and of the views expressed during the consideration of this matter;

16/ See also decision 79/33 in section R below.

2. Requests the Administrator, in consultation with agencies and Governments, to take action to alleviate these problems along the lines indicated in document DP/402, bearing in mind the specific suggestions made during the Council's debate, and to pay special attention to these matters in his annual report to the Council at the twenty-seventh session;

II

3. Notes the recommendations of the Administrator regarding the procedures for the consideration of programme matters;

4. Decides that for future sessions of the Council, items relating to programme matters should be grouped and considered under the headings of "programme implementation" and "programme planning" and that specific periods of time be allocated well in advance for the consideration of these questions;

5. Requests that the Administrator, in preparing the documentation, ensure that questions brought to the Council's attention are presented in a concise and comprehensive manner so that overlapping of information is avoided and the interrelationship between the questions considered by the Council is duly emphasized.

659th meeting
26 June 1979

D. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

79/6. Country and intercountry programming and projects

The Governing Council

I

1. Notes with appreciation the report of the Administrator on the relevant trends and problems of country programmes (DP/403) and the accompanying tables (DP/403/ANNEX), as well as of the comments made thereon by the representatives of Governments;

2. Requests the Administrator to submit to the Council at its twenty-seventh session a similar report which would also include an analysis of the extent to which and the reasons for which funds are allocated to the continuation of ongoing projects;

II

3. Approves the proposed country programmes for:

Barbados (DP/GC/BAR/R.2), Benin (DP/GC/BEN/R.2), Bhutan (DP/GC/BHU/R.2), Burma (DP/GC/BUR/R.3), Caribbean (DP/GC/CAR/R.2), Ghana (DP/GC/GHA/R.2), Guinea (DP/GC/GUI/R.2), India (DP/GC/IND/R.2), Kuwait (DP/GC/KUW/R.2), Liberia (DP/GC/LIR/R.2), Morocco (DP/GC/MOR/R.2), Mozambique (DP/GC/MOZ/R.1), Papua New Guinea (DP/GC/PAP/R.2), Sao Tome and Principe (DP/GC/STP/R.1),

Saudi Arabia (DP/GC/SAU/R.2), Suriname (DP/GC/SUR/R.2), Swaziland (DP/GC/SWA/R.2), Trinidad and Tobago (DP/GC/TRI/R.2) and Yemen (DP/GC/YEM/R.2) for the duration of their respective programme periods and within the limits of their Indicative Planning Figures for 1977-1981, taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 Indicative Planning Figures;

4. Approves the arrangements related to the Kuwait country programme in which the projects will be fully financed by the Government;

5. Approves the level of cost sharing in the Saudi Arabia country programme, and notes that payments in advance will be made on a project-by-project basis in accordance with the established guidelines governing the administration of cost sharing arrangements; 17/

6. 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, 18/ that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources available at any given time;

7. Approves the following global projects:

Diarrhoeal Diseases Control Programme: Research in Vaccine and Drug Development (GLO/78/005) (DP/PROJECTS/R.12/Add.1);

International Rice Testing and Improvement Programme (GLO/79/003) (DP/PROJECTS/R.12/Add.2);

Integrated Cotton Research and Development Programme (Preparatory Assistance) (GLO/76/001) (DP/PROJECTS/R.12/Add.3);

Research and Training in Fertilizer Technology and Utilization (GLO/79/005) (DP/PROJECTS/R.12/Add.4);

Low-Cost Water and Sanitation Techniques: Development of Demonstration Projects (GLO/78/006) (DP/PROJECTS/R.12/Add.5);

and authorizes the Administrator to make the appropriate arrangements for the execution of these projects;

8. Approves the emergency assistance to meet intermediate needs for desert locust control (INT/79/902) (DP/PROJECTS/R.12/Add.6), at a total cost of \$2.1 million to be funded under the Programme Reserve, bearing in mind that disbursements will be subject to the availability of resources;

17/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 311.

18/ Ibid., Fifty-seventh Session, Supplement No. 2A (E/5543/Rev.1), para. 17.

III

9. Takes note of the note by the Administrator on assistance to the Democratic People's Republic of Korea (DP/415) and the relevant statement by the Assistant Administrator and Regional Director for Asia and the Pacific;

10. Authorizes the Administrator to proceed with discussions on a programme of technical co-operation with the Democratic People's Republic of Korea for the period mid-1979-1981 to be financed in the amount of \$8,850,000 to be taken from funds reserved for "future participants, and other claims";

IV

11. Welcomes the statement by the Assistant Administrator and Regional Director for Asia and the Pacific on the intercountry programme for the least developed countries in that region and on the modalities for the implementation of that programme;

12. Takes note with approval of the utilization of the undistributed Indicative Planning Figures for country activities as well as for intercountry programmes for the developing island countries of the Caribbean and Pacific regions as reported by the respective Assistant Administrators and Regional Directors of those regions;

V

13. Recalls General Assembly resolution 33/152 on assistance to Antigua, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent, as well as the decision taken at its twenty-second session to provide additional resources to recipient countries as they gain independence; 19/

14. Takes note of the accession to independence of Dominica and of St. Lucia;

15. Authorizes the Administrator to provide additional resources to Dominica and to St. Lucia in accordance with the established formula concerning the level of resources for newly independent countries;

16. Takes note of the information provided by the Assistant Administrator and Regional Director for Latin America concerning the erroneous data on which the 1977-1981 Indicative Planning Figure for Guatemala had been calculated;

17. Authorizes the Administrator to increase the Indicative Planning Figure for Guatemala for 1977-1981 in the amount of \$0.5 million, which amount is to be financed from Indicative Planning Figure funds set aside for "future participants, and other claims".

635th meeting
8 June 1979

19/ Ibid., Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 292.

79/17. Disaster preparedness and prevention

The Governing Council

1. Takes note of the Administrator's note on disaster preparedness and prevention (DP/372), the statement of the United Nations Disaster Relief Co-ordinator and of the views expressed by members of the Council;

2. Invites the Administrator to continue his efforts, through the resident representatives, to assist Governments requesting technical assistance in disaster preparedness and prevention at both the national and regional levels, taking due account of the work of other international organizations, in particular of the office of the United Nations Disaster Relief Co-ordinator (UNDRO).

658th meeting
26 June 1979

79/18. Implementation of General Assembly resolution 33/147 on assistance to the Palestinian people

The Governing Council,

Recalling its decision at the twentieth session regarding the use of the Programme Reserve during the second cycle 1977-1981,

1. Authorizes the Administrator to draw upon the Programme Reserve for the financing of the projects recommended for assistance to the Palestinian people up to the amount of \$3.5 million;

2. Authorizes the Administrator to undertake appropriate consultations in accordance with resolution 33/147, and normal UNDP procedures, in order to finalize and go forward with the implementation of project proposals identified in annex III to the related report of the Administrator (DP/410) to be financed by the amount of \$3.5 million from the Programme Reserve with a view to their implementation;

3. Approves the use of such funds for the purpose of implementing these projects;

4. Authorizes the Administrator to accept funds from Governments and intergovernmental organizations for the purpose of implementing projects for assistance to the Palestinian people.

658th meeting
26 June 1979

79/27. Decade for Transport and Communications in Africa

The Governing Council

1. Recalls its decision 25/4 on the Decade for Transport and Communications in Africa;

2. Notes with appreciation the report of the Administrator on this subject (DP/369), as well as the information provided by the Assistant Administrator and Regional Director for Africa in his statement;

3. Endorses the activities supported by the Programme which constitute a significant contribution towards the attainment of the objectives of the Decade;

4. Requests the Administrator to continue to lend full support to the Economic Commission for Africa in its assigned role as co-ordinator of the multi-donor effort towards the realization of the programme for the Decade, and to co-operate throughout the Decade with the Commission in its activities concerning the Decade;

5. Authorizes the Administrator, in order to respond positively to the appeal made to the international community by the Conference of African Ministers of Transport, Communications and Planning:

(a) To allocate \$3.5 million from the reserve for future participants and other claims to the Regional Indicative Planning Figure for Africa for the second cycle in order to increase the possibilities of UNDP financing priority regional and subregional projects contained in the first phase Programme of the Decade, on the understanding that should project expenditure so permit, a total of \$6 million may be disbursed for this purpose should funds be available within the new ceiling for the regional Indicative Planning Figure for Africa of \$109.4 million;

(b) To consider in the debates relating to the allocation of funds for the third cycle, the question of calculating for the years 1982-1986, the regional Indicative Planning Figures for the African States by increasing by 8 per cent the amounts which normally should be theirs, these additional resources being used as additional contributions to the success of the Decade;

6. Requests the Administrator to report to the Council at its twenty-seventh session on the utilization of additional resources authorized in the preceding paragraph as well as on progress made in the implementation of the programme for the Decade.

662nd meeting
29 June 1979

79/32. Assistance to the Governments of Jamaica and Yugoslavia in the implementation of rehabilitation and reconstruction programmes

The Governing Council,

Having considered the requests of the Governments of Jamaica and Yugoslavia for assistance in rehabilitation and reconstruction following the natural disasters affecting these countries, the recommendations of the Administrator contained in documents DP/421 and DP/420 and the statements of the representatives of Jamaica and Yugoslavia as well as the views expressed by the members of the Governing Council and observers,

1. Approves the special assistance programmes for the Governments of Jamaica

and Yugoslavia in the amounts of \$1 million and \$1,350,000, respectively, to be financed from the Programme Reserve;

2. Recommends that the Administrator submit to the Governing Council at its twenty-seventh session a report on the possible criteria to govern UNDP's response to natural disasters.

664th meeting
2 July 1979

E. ASSISTANCE TO COLONIAL COUNTRIES AND PEOPLES

79/25. Assistance to African liberation movements recognized by the Organization of African Unity

The Governing Council

1. Takes note of the report of the Administrator on assistance to colonial countries and peoples (DP/362 and Corr.1), the statements of the Administrator and Director of the Regional Bureau for Africa, representatives of the African liberation movements recognized by the Organization of African Unity (OAU), as well as the comments made by the members of the Council and observers during the consideration of this report;

2. Notes with appreciation the increased support given by UNDP to African liberation movements recognized by OAU and the statement made in this respect by the Chairman of the Assembly of Heads of State and Government of OAU to the General Assembly, on 27 September 1978; 20/

3. Notes that UNDP convened during the Governing Council's session a meeting with representatives of OAU, the liberation movements concerned and the organizations in the United Nations system, in response to General Assembly resolution 33/27 of 8 December 1978 and notes that the Indicative Planning Figure (IPF) for the liberation movements is fully committed;

4. Expresses its appreciation for the action taken by the Administrator with regard to the assistance extended to African liberation movements recognized by OAU;

5. Decides to convert the \$7 million advance approved during its twenty-fifth session in June 1978 from the Programme Reserve to an increase in the IPF for the national liberation movements, to be financed from the reserve for "future participants and other claims";

6. Further decides to increase the IPF for the liberation movements by \$7.5 million to be met from the following resources: \$3.15 million from the Programme Reserve and \$4.35 million from the reserve for future participants and other claims to the programme of assistance for colonial countries and peoples to meet the financial requirements for the remainder of the cycle;

20/ Official Records of the General Assembly, Thirty-third Session, Plenary Meetings, 10th meeting, paras. 2-63.

7. Requests the Administrator to prepare for submission to the Governing Council at its twenty-ninth session, a comprehensive report on assistance to the liberation movements recognized by OAU for the remainder of the current cycle.

663rd meeting
29 June 1979

F. MID-TERM REVIEW OF THE SECOND UNDP PROGRAMME
CYCLE, 1977-1981, AND PREPARATION FOR THE
THIRD CYCLE, 1982-1986

79/11. Future financing of the Programme

The Governing Council,

Believing that, in order to facilitate effective planning, the United Nations Development Programme should be funded on a more assured long-term basis;

Acknowledging the need to retain the voluntary character of contributions to the Programme,

1. Takes note with appreciation of the note by the Administrator (DP/377 (PART II));

2. Decides to convene an open-ended intergovernmental study group to consider possible options for achieving more stable and predictable financing, in particular questions related to multiyear pledging and a more equitable sharing of the cost of the Programme, taking due account of the legislative constraints on multiyear commitments faced by some Governments and bearing in mind the right of Governments to determine the relative proportions of multilateral and bilateral assistance in their aid programmes;

3. Requests the Administrator to make the necessary arrangements for a meeting of the study group at the earliest convenient date, and to report to the Governing Council at the twenty-seventh session on the outcome of its discussions;

4. Invites all participating Governments to join in the study group.

660th meeting
27 June 1979

79/23. Preparation for the third cycle, 1982-1986

The Governing Council,

Keeping in view the needs of all the developing countries for technical assistance with the ultimate aim of achieving national and collective self-reliance as one of the means towards establishing a new international economic order,

Having considered with appreciation the note by the Administrator (DP/377 (PART I)) and the comments made by members of the Governing Council thereon concerning the distribution of Indicative Planning Figure (IPF) resources for the third cycle, 1982-1986,

Taking into account with satisfaction the considerable progress made at the twenty-sixth session towards a resolution of the issues involved in planning for the UNDP third cycle,

Requests the Administrator to make the necessary arrangements for a special meeting of the Governing Council to be held no later than February 1980 to further review preparations for the third cycle, particularly IPFs, on the basis of the comments made and proposals submitted at its twenty-sixth session (CRP.30 and DP/377) and a report of the Administrator containing further third cycle IPF simulations, including calculations based on these proposals.

662nd meeting
29 June 1979

79/31. Mid-term review of the second UNDP programme cycle, 1977-1981

The Governing Council

1. Takes note of the report of the Administrator on the mid-term review second IPF cycle 1977-1981 (DP/390), the statements by the Administrator and the Director, Planning and Co-ordination Office, as well as of the comments made by members of the Council on this subject;
2. Invites all donor countries, developed and developing, to assist in the Programme's realizing at least \$3,402.2 million in voluntary contributions for the 1977-1981 cycle;
3. Reiterates the decision taken at its twentieth session 21/ recommending that recipient countries contribute the funds in local currency previously made available under assessed programme costs as part of their voluntary contribution;
4. Decides to increase the Interregional Indicative Planning Figures for the second cycle 1977-1981 by \$3.5 million, to be financed from the Programme Reserve;
5. Agrees to a total UNDP main programme (including "future participants and other claims" of \$2,518.1 million for 1977-1981;
6. Authorizes the Administrator to take the necessary steps to plan and implement this programme to the maximum extent possible in an efficient and flexible manner which would ensure that expenditures are kept within the financial resources;
7. Approves, subject to the availability of resources and without affecting programme delivery, the increase of the Operational Reserve by \$25 million in both 1980 and 1981, thus attaining a level of \$200 million by the end of 1981;
8. Requests the Administrator to report to the Council at its twenty-seventh session on criteria that would assist the Council in determining the appropriate level for the Operational Reserve for the third IPF cycle 1982-1986;

21/ See Official Records of the Economic and Social Council, Fifth-ninth Session, Supplement No. 2A (E/5703/Rev.1, para. 314).

9. Invites the Administrator to submit to the Council at the twenty-seventh session a proposal for limited borrowing from the third cycle for certain country programmes in order to provide a smooth transition from the current cycle to the next, provided that this is compensated by under-spending in certain other country programmes in the current cycle due to unavoidable circumstances;

10. Decides to undertake an end-of-term review not later than June 1982 with respect to the UNDP second cycle programme.

664th meeting
2 July 1979

G. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

79/29. Technical co-operation among developing countries

The Governing Council,

Taking into account the Buenos Aires Plan of Action for Promoting and Implementing TCDC, approved by the United Nations Conference on Technical Co-operation among Developing Countries on 12 September 1978, 22/

Recalling General Assembly resolution 33/134 of 19 December 1978 on the United Nations Conference on TCDC, in which the General Assembly endorsed the Buenos Aires Plan of Action as an important instrument of the international community to intensify and strengthen co-operation among developing countries, thus making international co-operation for development more effective,

Bearing in mind that the Buenos Aires Plan of Action and General Assembly resolution 33/134 contain numerous recommendations and requests, directed to the United Nations Development Programme, its Governing Council and the Administrator,

I

1. Welcomes the Buenos Aires Plan of Action for Promoting and Implementing TCDC and its endorsement by the General Assembly in resolution 33/134;

2. Expresses its determination to implement all the recommendations and requests addressed to UNDP in General Assembly resolution 33/134;

3. Urges the Administrator to give special consideration to the speedy implementation and follow-up of the Buenos Aires Plan of Action;

4. Further urges that the entire United Nations development system be permeated by the spirit and the practice of TCDC and that all its relevant organizations play a prominent role as promoters and catalysts of TCDC;

22/ Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

II

5. Reiterates that recommendation 34 of the Buenos Aires Plan of Action outlines terms of reference of the Special Unit for Technical Co-operation among Developing Countries;

6. Recalls, in particular, paragraph 9 of General Assembly resolution 33/134;

7. Approves the 1979 supplementary estimates for strengthening the Special Unit for Technical Co-operation among Developing Countries in the total amount of \$222,900 (net) which reflects the following changes in table A of document DP/393: the deletion of one Assistant Administrator post and one P-4 post, and the addition of one D-2 post; and, in order to finance these estimates, authorizes an allocation in the amount of \$222,900 (net) from the resources of UNDP;

8. Approves the 1980-1981 supplementary estimates for the Special Unit for Technical Co-operation among Developing Countries in the total amount of \$1,209,100 (net) which reflects the following changes in table A of document DP/393: the deletion of one Assistant Administrator post and one P-4 post, and the addition of one D-2 post; and, in order to finance these estimates, authorizes an allocation in the amount of \$1,209,100 (net) from the resources of UNDP;

III

9. Recalls its decision at the twentieth session 21/ regarding the use of the Programme Reserve during the second cycle, 1977-1981, and authorizes the Administrator to continue to draw upon the Programme Reserve for the financing of TCDC projects where IPF resources are not available;

10. Authorizes the Administrator to draw upon the Programme Reserve for such purposes up to the amount of \$1 million;

11. Welcomes the announcement made by the Government of India to allocate 10 per cent of its Indicative Planning Figure for TCDC activities and invites developing countries in a position to do so to consider similar action as one of the means of financing such activities, and invites developed countries to increase significantly their financial support for TCDC as recommended in the Buenos Aires Plan of Action (recommendation 38 subparagraph (h));

IV

12. Decides that, as the over-all intergovernmental review of TCDC within the United Nations system has been entrusted under General Assembly resolution 33/134 to a high-level meeting of representatives of all States participating in the United Nations Development Programme, its Committee on Technical Co-operation among Developing Countries be discontinued;

13. Decides further to include the item "Technical co-operation among developing countries" in the agenda of its future sessions.

663rd meeting
29 June 1979

H. UNITED NATIONS SUDANO-SAHELIAN OFFICE AND
ASSISTANCE TO DROUGHT-STRICKEN COUNTRIES
IN AFRICA AND ADJACENT AREAS

79/12. Assistance to drought-stricken countries
in Africa and adjacent areas

The Governing Council,

Having considered the report of the Administrator on assistance to the drought-stricken countries in Africa and adjacent areas (DP/400) and the statement made by the Assistant Administrator and Regional Director for Africa, bringing up to date the information contained in that report,

1. Endorses the report of the Administrator and the statement of the Regional Director for Africa;
2. Takes note with appreciation of the intention of the Administrator to develop for the period 1982-1986 a special programme of assistance to protect the environment in arid and semi-arid zones of Africa;
3. Requests the Administrator to continue to report to the Governing Council on assistance to drought-stricken countries in Africa and adjacent areas.

660th meeting
27 June 1979

79/20. Implementation of the medium-term and long-term
recovery and rehabilitation programme in the
Sudano-Sahelian region

The Governing Council,

I

Recalling the relevant resolutions of the General Assembly and the Economic and Social Council, particularly General Assembly resolutions 3253 (XXIX), 3512 (XXX), 31/180 and 32/159 of 4 December 1974, 15 December 1975, 21 December 1976 and 19 December 1977 and Economic and Social Council resolutions 1918 (LVIII) and 2103 (LXIII) of 5 May 1975 and 3 August 1977,

Noting with satisfaction the decisive role played by the United Nations Sudano-Sahelian Office (UNSO) in helping to combat the effects of the drought and to implement the priority 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 (CILSS) and in mobilizing the necessary resources to finance priority projects,

Considering that the nature and magnitude of the needs of the countries of the Sudano-Sahelian region requires that the international community should continue and strengthen its action of solidarity in support of the recovery efforts and economic take-off of those countries,

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/394),

1. Takes note with satisfaction of 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;

2. Commends the Administrator for the results of the work done by the United Nations Sudano-Sahelian Office and for the operational modalities of the Office;

3. Expresses its profound gratitude to the Governments, United Nations agencies, 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 Governments, United Nations agencies, intergovernmental organizations, private organizations and individuals to intensify their assistance, either bilaterally or through the United Nations Sudano-Sahelian Office or any other intermediary, in response to requests from the Governments of the States members of CILSS and from CILSS itself;

5. Requests the Administrator to enhance the capacity of UNSO to continue to respond effectively to requests for assistance from the States members of CILSS through the use of resources available in the Programme, particularly the United Nations Fund for Population Activities, the United Nations Capital Development Fund and the United Nations Revolving Fund for Natural Resources Exploration;

6. Requests the United Nations Sudano-Sahelian Office to continue its close co-operation with the Permanent Inter-State Committee on Drought Control in the Sahel 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;

7. Requests the Administrator to continue to report to the Governing Council on the implementation of the recovery and rehabilitation programme in the Sudano-Sahelian region.

II

Implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region

Recalling the relevant resolutions of the General Assembly and the Economic and Social Council, in particular General Assembly resolutions 32/170 of 19 December 1977 and 33/88 and 33/89 of 15 December 1978 and Economic and Social Council resolution 1978/37 of 21 July 1978,

Recalling also its decision 25/10 of 27 June 1978 and decision 6/11 of the Governing Council of the United Nations Environment Programme (UNEP) of 24 May 1978,

Conscious of the need for the immediate implementation in the region of the Plan of Action to Combat Desertification 23/ as an integral part of the general efforts to promote the economic and social development of the Sudano-Sahelian region,

Having considered decision 7/13 B adopted on 3 May 1979 by the Governing Council of UNEP on the implementation of the Plan of Action to Combat Desertification with special reference to the Sudano-Sahelian region,

Having also considered the report of the Administrator on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region (DP/395),

1. Takes note with satisfaction of the report of the Administrator on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region;

2. Approves the action taken within the framework of institutional arrangements in the Sudano-Sahelian region;

3. Endorses the modalities of the UNEP/UNDP joint venture within the framework of the additional responsibilities of UNSO, on behalf of UNEP, to co-ordinate the efforts of the United Nations system and to assist the fifteen countries of the Sudano-Sahelian region in the implementation of the Plan of Action to Combat Desertification;

4. Commends the Administrator for having finalized within the required time the modalities of co-operation between UNEP and UNDP and for the action-oriented measures taken by UNSO within the terms of its mandate to assist the fifteen countries of the Sudano-Sahelian region in implementing the Plan of Action to Combat Desertification;

5. Authorizes the Administrator to continue to finance from the appropriate funds of the Programme the UNDP share of the administrative costs of UNSO relating to the UNDP/UNEP joint venture;

6. Further authorizes the Administrator to use the funds available from appropriate Programme sources to a total amount of \$330,000 for 1980 and \$368,000 for 1981 as the UNDP contribution in support of the on-going operational activities undertaken by UNSO as backing for the efforts of Governments to implement the Plan of Action to Combat Desertification in the Sudano-Sahelian region;

7. Requests the Administrator to continue to examine the specific needs of the countries of the Sudano-Sahelian region and to grant to them, within the available resources of the Programme, additional assistance through UNSO, with a view to ensuring the timely and effective implementation of the Plan of Action to Combat Desertification in the region;

8. Further requests the Administrator to continue to report annually to the Governing Council on the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region.

661st meeting
28 June 1979

I. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 33/135 ON
THE ROLE OF QUALIFIED NATIONAL PERSONNEL IN THE SOCIAL
AND ECONOMIC DEVELOPMENT OF DEVELOPING COUNTRIES

79/13. The role of qualified national personnel in the social
and economic development of developing countries

The Governing Council

1. Takes note of the report of the Administrator (DP/409) on the progress towards the preparation of the study called for in General Assembly resolution 33/135 on the role of qualified national personnel in the social and economic development of developing countries;
2. Approves the outline for the full study contained in document DP/409;
3. Requests the Administrator to prepare the full study on the basis of the outline and with the close involvement of all United Nations system organizations concerned for submission to the Governing Council at its twenty-seventh session;
4. Transmits the report of the Administrator to the Economic and Social Council at its second regular session of 1979, in accordance with paragraph 4 of General Assembly resolution 33/135.

660th meeting
27 June 1979

J. UNITED NATIONS VOLUNTEERS

79/24. United Nations Volunteers

The Governing Council

1. Takes note with appreciation of the Administrator's report (DP/376) on the progress of the United Nations Volunteers programme and of the statement by the Co-ordinator that the number of volunteers in the field now exceeds the initial target of 500 as established by the General Assembly, as well as of the views expressed by members and observers during the debate;
2. Recommends that the Economic and Social Council and the General Assembly establish a new target level of 1,000 field volunteers by 1983, subject to availability of funds, with the understanding that the quality of the programme would not be adversely affected by this expansion;
3. Approves, subject to the availability of funds, the placement of UNV programme assistants in UNDP field offices in the least developed and newly independent countries to assist in the preparation of programmes and projects for UNV;
4. Notes with appreciation the great efforts that the least developed and newly independent countries are making in funding a number of volunteers from their Indicative Planning Figures, in the face of difficulties; and has noted with concern the decline in the percentage of volunteers placed in these countries;

5. Agrees that the Co-ordinator should continue consultation with Governments and, where appropriate, with agencies in an effort to facilitate recruitment and increase the base for such recruitment for UNV, and also requests the Administrator to report on this matter at the twenty-seventh session of the Governing Council;

6. Requests the Administrator of UNDP to continue consultations with organizations of the United Nations system so that the experience of the United Nations Volunteers programme is taken into account when implementing various United Nations resolutions and in particular General Assembly resolution 32/135, and also requests the Administrator to report on this matter at the twenty-seventh session of the Governing Council;

7. Notes with satisfaction the growing activities of UNV with domestic development service organizations and urges the Co-ordinator to expand such activities;

8. Reiterates previous appeals to Governments to take into account the growing number and increasing scope of the United Nations Volunteer activities and to consider increasing their contributions to the Special Voluntary Fund.

662nd meeting
29 June 1979

K. UNITED NATIONS CAPITAL DEVELOPMENT FUND

79/21. United Nations Capital Development Fund

The Governing Council

1. Takes note of the annual report of the Administrator for 1978 on the United Nations Capital Development Fund (DP/361 and DP/361/ANNEXES I and II) and his proposal for changing the financing of this capital assistance programme from full funding, to funding on a cash-flow basis (partial funding);

2. Welcomes, in particular, the close linkages established between UNDP and the Fund and looks forward to their further strengthening;

3. Approves, for an experimental period not to continue beyond the regular session of the Council in 1981, the change to partial funding not requiring additional resources, based on the proposed \$52 million commitments in 1979, of which \$25 million has already been committed on a fully funded basis and the \$27 million balance will be released by partial funding of the programme;

4. Decides that the Fund should establish and maintain an operational reserve of no less than 20 per cent of the Fund's project commitments;

5. Requests the Administrator to submit to the Council, at its twenty-seventh session, a report on the implementation of partial funding based on currently available financial resources and those contributed at the next United Nations pledging conference;

6. Further requests the Administrator, in recognition of the specialized personnel qualifications required for the conduct of a capital assistance programme,

to give due regard to the need for speedy and efficient staffing arrangements in the Fund in close consultation with its Executive Secretary;

7. Further requests the Administrator to accord the Fund maximum flexibility in mobilizing administrative resources for an immediate implementation of partial funding, provided that the resulting administrative expenses do not exceed approximately 2 per cent of the annual project commitments made by the Fund;

8. Resolves the UNCDF should reimburse UNDP for UNCDF's administrative expenses from its accrued earnings, if any, derived from interest on investments and foreign exchange transfers, until such time as UNCDF may assume the financing of its own administrative expenses;

9. Reiterates its requests to the Economic and Social Council as contained in the decision at its twenty-fourth session 24/ and in its decision 25/19, to recommend to the General Assembly that the administrative expenses of UNCDF be met from voluntary contributions to the Fund.

661st meeting
28 June 1979

L. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

79/26. United Nations Revolving Fund for Natural Resources Exploration

The Governing Council

1. Takes note of the report of the Administrator on the United Nations Revolving Fund for Natural Resources Exploration (DP/368), of the introductory statements made by the Administrator and the Director of the Fund, as well as of the observations and suggestions made during the consideration of the item;

2. Takes note of the recommendations of the Committee on Natural Resources at its sixth session 25/ and invites the Secretary-General in consultation with the Administrator, to establish an intergovernmental group of experts to prepare for the review of the activities of the Fund to be held in 1981 in accordance with Economic and Social Council resolution 1762 (LIV);

3. Authorizes the Administrator, pending the review by the intergovernmental group of experts, referred to in paragraph 2 above, to undertake feasibility studies when so requested by Governments, particularly when such requests are the logical sequence to successful exploration projects financed by the Fund, provided that such studies are within the limitation imposed by the Fund's operational and financial capacity;

24/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 413, decision A, para. 18.

25/ See Official Records of the Economic and Social Council, 1979, Supplement No. 9A (E/1979/69/Rev.1).

4. Endorses the Administrator's recommendation that the Council continue its role as governing body of the Fund until the 1981 comprehensive review of Fund operations, and requests the Economic and Social Council to take the appropriate decision at its second regular session of 1979;

5. Approves the projects recommended by the Administrator for Precious Metals Exploration in Eastern Liberia (LIR/NR/78/001) and Birim River Diamond Exploration (GHA/NR/78/001).

663rd meeting
29 June 1979

M. UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

79/7. United Nations Special Fund for
Land-locked Developing Countries

The Governing Council

1. Takes note of the report of the Administrator on the United Nations Special Fund for Land-locked Developing Countries (DP/387);

2. Reiterates, in the light of General Assembly resolution 33/85 of 15 December 1978, on the United Nations Special Fund for Land-locked Developing Countries and of resolution 123 (V), adopted at the fifth session of the United Nations Conference on Trade and Development, on specific action related to the particular needs and problems of land-locked developing countries as it pertains to the Special Fund, the appeal made at its twenty-fifth session to Governments and international organizations to contribute generously to the Special Fund;

3. Requests the Administrator to report to the Council at its twenty-seventh session on the activities of the Fund.

659th meeting
26 June 1979

N. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

79/34. Review of the 1978 financial situation
and related matters

The Governing Council

1. Takes note with appreciation of the report of the Administrator (DP/399) on the review of the 1978 financial situation and related matters and of the views and comments of members thereon;

2. Expresses its satisfaction with the generally improved financial situation and welcomes increases in the voluntary contributions made to the Programme;

3. Requests the Administrator to take the necessary steps to ensure that the available resources under the Special Measures Fund for the Least Developed Countries be budgeted and utilized as a matter of priority;

4. Reiterates the decisions taken at its twenty-second, twenty-third and twenty-fourth sessions regarding the utilization of accumulated non-convertible currencies;

5. Requests Governments to pay all outstanding amounts due to the programme at the earliest possible date;

6. Approves the write-off of all uncollectible Government Cash Counterpart Contributions for 1972 and prior years;

7. Decides that all obligations incurred against uncollectible Government Cash Counterpart Contributions since 1973 should be charged, to the extent that they have been spent, to the respective Indicative Planning Figures;

8. Decides that the support cost payment to executing agencies in respect of such amounts charged to Indicative Planning Figures should not exceed the rate authorized for Government Cash Counterpart Contributions;

9. Decides that since amounts charged to the expert variance account in the first UNDP programme cycle were offset against programme resources in the years in which they were incurred, the Administrator should delete from the notes of the UNDP annual financial statements, the note on the revenue reserve which discloses the treatment of the cumulative deficit incurred in the experts' and fellowships' variance account for that cycle;

10. Endorses the Administrator's proposal that the special contribution of \$1.6 million equivalent, made under exceptional circumstances by one member country for TCDC-type activities, be treated as a third party cost sharing contribution;

11. Requests furthermore that the Administrator continue in his efforts to increase the placement of UNDP funds in developing countries on the basis of safety, profitability, liquidity and convertibility and to inform the Governing Council at its twenty-seventh session on progress in this matter.

664th meeting
2 July 1979

79/35. Cost sharing arrangements

The Governing Council

1. Takes note of the report of the Administrator (DP/397) on cost sharing arrangements and of the views and comments of members thereon;

2. Notes with satisfaction that cost sharing arrangements are a useful instrument in fostering multilateral technical co-operation within the scope of UNDP activities;

3. Recalls the decision adopted on cost sharing at its twenty-fourth session; 26/

4. Requests Governments participating in cost sharing activities to ensure that their voluntary pledges to the Programme are not affected by their cost sharing participation;

5. Calls upon Governments participating in cost sharing activities in excess of 25 per cent of the established IPF, to increase substantially their contribution in support of UNDP local office costs in their respective countries;

6. Calls upon these Governments to consider, as an additional means of reducing the burden on the UNDP Programme Support Costs and Administrative Services Costs budgets, the financing of support services projects from their own resources;

7. Authorizes the Administrator to request Governments receiving technical assistance through UNDP exclusively under cost sharing arrangements to bear the totality of the local office costs, except that the salary and related costs of the resident representative may be excluded;

8. Confirms the existing arrangements regarding currencies and schedules of payments, including the requirement that payments be made in advance;

9. Decides that the levels of cost sharing arrangements that can be accepted by the Administrator for the balance of the second cycle without referral to the Governing Council should remain as decided at the twenty-fourth session of the Council;

10. Requests the Administrator to continue to review the programme support and administrative services cost implications of both second and third party cost sharing activities and to keep the Council informed regularly of any significant developments in this area including information on the relationship between a country's cost sharing and regular contribution as well as information related to paragraph 4 above and the level of cost sharing arrangements entered into.

664th meeting
2 July 1979

79/36. Feasibility of distinguishing between administrative and programme support costs

The Governing Council

1. Takes note of the report of the Administrator on the feasibility of distinguishing between administrative and programme support costs (DP/382) and of the views and comments of members thereon;

26/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 311.

2. Decides that no major changes should be introduced at this time to the existing UNDP practice for the presentation of the Programme Support and Administrative Services Budgets;

3. Requests the Administrator to bring to the attention of the appropriate interagency machinery the concerns of the Governing Council on the desirability of achieving such system-wide definitional agreement and harmonization and on the need to achieve an over-all real reduction in these costs, and to report back to the Governing Council at the twenty-eighth session.

664th meeting
2 July 1979

79/37. Custodianship of UNDP funds

The Governing Council

1. Takes note of the report of the Administrator on the custodianship of UNDP funds (DP/364) and of the comments of the Advisory Committee on Administrative and Budgetary Questions (DP/416) and of the views and comments of members thereon;

2. Expresses its satisfaction with the arrangements that have been agreed upon between the Administrator and officials of the United Nations;

3. Decides that this matter be considered closed for a period of at least two years and reopened only if, in actual practice, the new arrangements do not work satisfactorily.

664th meeting
2 July 1979

79/38. Sectoral support

The Governing Council

1. Takes note of the report by the Administrator on sectoral support (DP/374 and Add.1 and Add.1/Corr.1), and of the views and comments of members thereon;

2. Recognizes the particular needs of the smaller agencies for adequate sectoral support financing;

3. Endorses the proposal of the Administrator for a new line item in the Main Field Programme Costs to be entitled "sectoral support";

4. Approves an allocation of \$11,437,000 for sectoral support to be used as follows:

(a) \$3,650,000 for the biennium 1980-1981 to be used at the discretion of the Administrator, including use for such activities as may eventually be approved by the Administrator for the World Tourism Organization;

(b) \$7,687,000 to cover the net cost of 36 UNDP-funded SIDFA posts for 1980-1981;

(c) \$100,000 to cover the cost of the SIDFA study requested in paragraph 5 below;

5. Requests the Administrator to enter into arrangements with the Executive Director of UNIDO to undertake, on a joint basis, the country-by-country study of the needs for the services of a Senior Industrial Field Adviser as proposed in the consultant's appraisal of the SIDFA programme and, to report to the Governing Council at the twenty-seventh session in order that a decision may then be taken on a possible increase in the number of UNDP-funded SIDFAs in the light of the relevant proposals made in that study.

664th meeting
2 July 1979

79/39. Support Costs and related questions

The Governing Council

1. Takes note of the reports of the Administrator on support costs and related questions (DP/371, DP/379, DP/391) and the views and comments of members and the representatives of agencies thereon;

2. Authorizes the Administrator to reimburse up to an amount of \$498,580 subject to such exchange rate adjustments as may be determined by the Administrator, to the International Telecommunication Union representing a special support cost reimbursement in respect of the year 1978, as an exceptional measure and without making it a precedent for agency support cost payments in the future;

3. Authorizes the Administrator to negotiate with the International Labour Organisation, on the basis of the methodology outlined in paragraph 8 of document DP/371 and subject to such exchange rate adjustments as may be determined by the Administrator, a special support costs reimbursement for the year 1979, not to exceed \$1.7 million, as an exceptional measure resulting from exchange rate fluctuations and without making it a precedent for agency support cost payments in the future.

664th meeting
2 July 1979

79/40. Report of the Intergovernmental Working Group on Support Costs 27/

The Governing Council,

Having considered the report of the Intergovernmental Working Group on Support Costs (DP/WGOC/L.3, DP/WGOC/L.4, and DP/L.332),

27/ See annex III of this report.

Taking into account the comments and observations made during the discussion of this item,

1. Takes note of the decision adopted by the Working Group at its current (June 1979) session;

2. Approves the commissioning of the limited study by an independent consultant as recommended by the Working Group as well as its proposed terms of reference and time-table, as contained in the decision of the Working Group and the annex thereto; 28/

3. Invites the Economic and Social Council to request the agencies to consider the possibility of bringing together in an annex to their budget documents information on their technical co-operation programmes and the related support costs financed from different sources based on agreed definitions of the elements to be included in support costs;

4. Invites the executing agencies to consider the feasibility of advising the recipient Governments of the projected utilization of the support costs reimbursed by UNDP or, to the extent applicable, covered from the agency's regular budget corresponding to the total UNDP-financed projects being executed by the agency in a national programme;

5. Decides that, in the meantime, the existing arrangements for reimbursement of agency support costs which have been authorized until the end of 1979 should be continued until the end of 1981;

6. Decides to continue the Working Group until the close of the twenty-seventh session of the Council (June 1980).

664th meeting
2 July 1979

79/41. UNDP financial regulations and rules

The Governing Council

1. Takes note of the note by the Administrator on UNDP financial regulations and rules (DP/388 and Add.1 and 2) and of the views and comments of members thereon;

2. Decides to postpone action on the proposed financial regulations until the twenty-seventh session of the Council in the light of the unavailability of documentation in the languages required;

3. Authorizes the Administrator, in the interim pending the adoption of new financial regulations, to conduct UNDP's operations, using his judgement and discretion, within the terms of the existing financial regulations and recent decisions of the Council necessitating their update;

28/ See para. 485 of this report.

4. Requests the Administrator to obtain the views of the Advisory Committee on Administrative and Budgetary Questions on the proposed new financial regulations and rules prior to the twenty-seventh session of the Governing Council;

5. Requests the Board of Auditors of the United Nations to recognize this situation in its review of the accounts and financial statements of UNDP.

664th meeting
2 July 1979

79/42. Integrated Systems Improvement Project

The Governing Council

1. Takes note of the Administrator's progress report on the Integrated Systems Improvement Project (ISIP) (DP/378), and of the views and comments of members thereon;

2. Endorses the continuation of the ISIP project in full co-operation and co-ordination with the Inter-Organization Board for Information Systems (and Related Activities) and executing agencies with a view to achieving greater compatibility of systems and avoiding duplication, thereby achieving an over-all system-wide reduction of costs;

3. Requests the Administrator to continue the installation of the integrated financial and programme information system for UNDP, with a view to completing the process by the end of 1980;

4. Authorizes the Administrator to enter into a further commitment for phase II of the project of an additional amount of \$1.2 million, if required, bringing the total cost to \$2.4 million for 1979 and 1980, with the financing of this phase of the project to be met in the following manner:

- (i) Approximately \$595,000 from contributions already made and still available after completion of phase I;
- (ii) Special voluntary contributions to be made to UNDP for this purpose;
- (iii) Savings under the 1979 and 1980 administrative and programme support budgets;
- (iv) Only to the extent that these additional resources do not become available, the Governing Council conditionally approves appropriations in the amounts of \$485,000 and \$1,320,000 for 1979 and 1980, respectively, to be allocated from the resources of UNDP to finance the 1979 and 1980 costs of ISIP;

5. Decides that before exercising the authority granted in paragraph 4 (iv) above the Administrator will seek the comments of the Advisory Committee on Administrative and Budgetary Questions;

6. Requests the Administrator to report to the Governing Council at its twenty-seventh session on the status of the project, including details on systems already installed, arrangements made for the project's final stages, the source of

funds appropriated, and concrete indications as to the practical advantages of the new system, as well as figures corresponding to possible staff and financial savings produced by the implementation of this system.

664th meeting
2 July 1979

79/43. Loans to Governments for accomodation of field personnel

The Governing Council

1. Takes note of the note by the Administrator (DP/383), on loans to Governments for accomodation of field personnel, of the views and comments expressed by members thereon, and of the resumption of the housing loan programme authorized under financial regulation 5.2 to meet critical housing shortages which are impeding the timely and effective conduct of programme operations;

2. Decides to establish a reserve to be funded from the general resources of UNDP for granting loans to Governments of participating developing countries, subject to the criteria set out in paragraph 7 of document DP/383, at a maximum level of \$25 million, to be used to construct appropriate housing for internationally recruited field personnel, and in exceptional circumstances, where all other means for obtaining proper facilities have been fully explored, for office accommodations;

3. Decides that where such housing accommodation is required in remote areas, provision should continue to be made, whenever possible, in the respective project budget;

4. Requests the Administrator to provide, as part of the annual financial review document, a report of the progress and results of operations undertaken by UNDP in pursuance of this decision.

664th meeting
2 July 1979

79/44. Budget estimates for 1980-1981

The Governing Council,

Having considered the 1980-1981 budget estimates for the programme support costs and administrative services costs of the United Nations Development Programme (DP/396 and Add.1 and 2),

1. (a) Approves appropriations in an amount of \$211,425,100 gross to be allocated from the resources of UNDP to finance the 1980-1981 programme support costs and administrative services costs budgets as follows:

<u>Programme</u>	<u>US dollars</u>
Policy-making organs	2,219,600
Executive direction and management	2,697,800
Programme management and support	111,667,800
Administrative and common services	89,580,200
United Nations Volunteers	3,614,500
United Nations Capital Development Fund	1,645,200
<u>Total</u>	<u>211,425,100</u>

(b) Resolves that the income estimates in an amount of \$44,134,300 shall be used to offset the gross appropriations in paragraph 1 (a) above, resulting in net budget appropriations of \$167,290,800;

2. Agrees that the Administrator shall be authorized to transfer credits between programmes of the 1980-1981 budget, within reasonable limits with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

3. (a) Approves appropriations in an amount of \$4,780,300 gross for the IPF-funded operations of the Office for Projects Execution to be financed from overheads received on projects executed by UNDP;

(b) Resolves that income estimates in an amount of \$634,900 shall be used to offset the gross appropriations in paragraph 3 (a) above, resulting in net budget appropriations of \$4,145,400;

4. (a) Approves appropriations of \$1,877,400 gross for the United Nations Sudano-Sahelian Office operations of the Office of Projects Execution to be allocated from the resources of the United Nations Trust Fund for Sudano-Sahelian Activities;

(b) Resolves that income estimates in an amount of \$265,800 shall be used to offset the gross appropriations in paragraph 4 (a) above, resulting in net budget appropriations of \$1,611,600;

5. (a) Approves appropriations in an amount of \$465,400 gross for the Capital Development Fund operations of the Office of Projects Execution to be allocated from the resources of the Capital Development Fund;

(b) Resolves that income estimates in an amount of \$42,300 shall be used to offset the gross appropriations in paragraph 5 (a) above, resulting in net budget appropriations of \$423,100;

6. (a) Approves appropriations in an amount of \$1,174,500 gross for support services for UNDP-executed projects to be financed from overheads received on projects executed by UNDP. Of this amount, \$633,100 refers to the Office of the Assistant Administrator, Bureau for Special Activities, and \$541,400 to administrative and common services;

(b) Resolves that income estimates in an amount of \$218,100 shall be used to offset the gross appropriations in paragraph 6 (a) above, resulting in net budget appropriations of \$956,400;

7. (a) Approves appropriations in the amount of \$1,574,700 gross for the United Nations Revolving Fund for Natural Resources Exploration to be allocated from the resources of the Fund;

(b) Resolves that income estimates in an amount of \$181,200 shall be used to offset the gross appropriations in paragraph 7 (a) above, resulting in net budget appropriations of \$1,393,500;

8. (a) Approves appropriations in the amount of \$1,849,400 gross for the administrative budget of the United Nations Sudano-Sahelian Office to be allocated from the resources of the Office;

(b) Resolves that income estimates in an amount of \$258,700 shall be used to offset the gross appropriations in paragraph 8 (a) above, resulting in net appropriations of \$1,590,700;

9. (a) Takes note of the 1980-1981 budget in the amount of \$1,371,000 gross proposed by the United Nations Sudano-Sahelian Office for the UNDP/UNEP joint venture, institutional support of the Plan of Action to Combat Desertification as authorized by the Council in decision 25/10 section II, paragraph 4, and approves the amount of \$685,500 gross, the half-share of the joint venture, to be allocated from:

(i) The normal resources of the United Nations Sudano-Sahelian Office;

(ii) Only should the source of funding in (i) above not be feasible the appropriate UNDP programme funds;

(b) Resolves that income estimates in an amount of \$70,850, being half of the joint venture income of \$141,700, shall be used to offset the gross budget in paragraph 9 (a) above, resulting in a net allocation of \$614,650 as the half-share to be financed under subparagraph 9 (a) (i) or (ii) above; the net over-all budget for the joint venture is noted as \$1,229,300.

10. Requests the Administrator, when presenting to the Council information about the use of consultants by UNDP, to include in the presentation detailed information on the tasks of all individuals hired as consultants for a period of one year or more and for a remuneration corresponding to a salary at the D-1 level or above;

11. Requests the Administrator to take appropriately into account, in future programme support costs and administrative services costs budgets, the observations made by the Advisory Committee on Administrative and Budgetary Questions in its report (DP/412) on the presentation of the budget, and in particular to present all administrative and programme support costs in one document;

12. Requests the Administrator, when presenting the results of the desk-to-desk survey of staffing needs to the Council at its twenty-seventh session, to include in the presentation:

(a) A detailed description of the criteria used to measure the workloads;

(b) A plan, based on the findings of the survey and on consultation with the International Civil Service Commission, to initiate job analysis and classification in UNDP headquarters;

13. Requests the Advisory Committee on Administrative and Budgetary Questions in its report in future to undertake a more detailed study of the UNDP programme support costs and administrative services costs budgets to facilitate the decision-making process of the Governing Council.

665th meeting
10 July 1979

79/45. Interagency procurement services (IAPSU)

The Governing Council

1. Takes note of the report of the Administrator on interagency procurement services (DP/385) and of the views and comments of members expressed thereon;

2. Approves the continued work of IAPSU towards the objectives laid down in Governing Council decision 25/29;

3. Recommends that special efforts be made to achieve a wide and more equitable geographical distribution of sources of supply, taking particularly into account the need to increase in a significant way procurement from developing countries, bearing in mind that the overriding concern of IAPSU should be to procure equipment at the lowest possible cost consistent with the maintenance of adequate standards and in accordance with normal procurement rules and procedures;

4. Requests the Administrator, in further developing the subsidiary activities of IAPSU, to give particular attention to:

(a) Providing advance information of UNDP-financed projects in a timely and reliable fashion;

(b) Unifying the rules and procedures covering procurement of goods and services by UNDP and the participating and executing agencies in order to simplify and improve the clarity of procurement methods and with the ultimate aim of establishing a common procurement for all United Nations organizations and agencies, as envisaged in paragraph 32 of the annex to General Assembly resolution 32/197;

(c) Giving adequate weight, in efforts to standardize equipment procurement, to the life-cost of an item, its durability and its adaptability to the local conditions of recipient countries;

5. Approves appropriations from support costs received on projects executed by UNDP in the amount of \$380,500 gross to finance the 1979 budget of IAPSU;

6. Decides that the 1979 income estimates of \$40,500 shall be used to offset the gross appropriations in paragraph 5 above resulting in a net 1979 budget appropriation of \$340,000;

7. Approves appropriations from support costs received in projects executed by UNDP in the amount of \$820,000 gross to finance the 1980-1981 budget of IAPSU;

8. Resolves that the 1980-1981 income estimates of \$110,000 shall be used to offset the gross appropriations in paragraph 7 above resulting in a net 1980-1981 budget appropriation of \$710,000;

9. Requests the Administrator to present to the Council at the twenty-eighth session new proposals for the funding of IAPSU activities which will reflect the system-wide nature of the benefits accrued;

10. Requests the Administrator to report to the Council at the twenty-seventh session on the IAPSU activities during the period.

665th meeting
10 July 1979

79/46. Supplementary budget estimates for 1979

The Governing Council,

Having considered the 1979 supplementary budget estimates for the programme support costs and administrative services costs of the United Nations Development Programme,

1. Approves appropriations in an amount of \$2,008,400 to be allocated from the resources of UNDP to finance the 1979 supplementary budget estimates, as follows:

<u>Programme</u>	<u>US dollars</u>
Programme management and support	386 000
Administrative and common services	1 622 400
<u>Total</u>	<u>2 008 400</u>

2. Resolves that income estimates in an amount of \$32,500 shall be used to offset the gross appropriations in paragraph 1 above, resulting in net budget appropriations of \$1,975,900.

665th meeting
10 July 1979

79/47. Audit reports

The Governing Council

1. Takes note of the audit reports and audited accounts of the participating and executing agencies for the year ended 31 December 1977, relating to the funds allocated to them by UNDP, as contained in the note by the Administrator (DP/404);

2. Notes with satisfaction the decision of the External Auditors related to paragraph 2 of Governing Council decision 25/23;

3. Requests the Administrator to consult the External Auditors with a view to including in future audit reports observations on:

- (a) Financial planning and control mechanisms;
- (b) Ways of improving reporting to decision-making bodies;
- (c) Management controls, including evaluation systems;
- (d) Electronic data processing systems;

4. Requests the Administrator to consult the External Auditors on possibilities of providing the Council with audit reports on the previous year at the Council's regular session each year, or, by other means, to convey the views of the Auditors to the Council in a more timely fashion than is the case at present, and to report to the Council at the twenty-seventh session on the result of these consultations.

665th meeting
10 July 1979

79/48. Recruitment and use and prospects of reducing
the costs of UNDP-financed experts

The Governing Council,

Having considered the report of the Joint Inspection Unit on the role of experts in development co-operation (JIU/REP/78/3), the relevant report of the Administrator (DP/392), as well as comments of Governments on the report of the Joint Inspection Unit (DP/389) and comments made at meetings of the Budgetary and Finance Committee,

Reaffirming, without prejudice to the Administrator's accountability to the Governing Council, the principle of government management of projects, including the concept of government execution of UNDP-assisted projects,

Bearing in mind that the basic purpose of technical co-operation is the promotion of self-reliance in developing countries by building up, inter alia, their productive capability and their indigenous resources and by increasing the availability of the managerial, technical, administrative and research capabilities required in the development process,

1. Invites the Administrator, as more extensive experience of government execution of projects is gained, to review the existing UNDP guidelines on that subject with a view to facilitating the various options available to Governments for project implementation in order to achieve the goal of self-reliance;

2. Requests the Administrator, in consultation and co-operation with the agencies:

(a) Progressively to adapt operational concepts and procedures so that they are fully in support of the principle of government management and its practical application;

(b) To promote the increased use of national capabilities in the formulation and implementation of projects assisted by UNDP;

(c) To improve the quality of project design so that objectives, outputs and prerequisites are properly identified, the appropriate functional orientation is emphasized and the work plan prepared by the project co-ordinator is realistic and up-to-date;

(d) To ensure that the tripartite monitoring of projects is being carried out efficiently and effectively;

(e) To seek more effective compliance by all concerned with measures for improving the quality and efficiency of UNDP-assisted activities;

3. Invites the Administrator, the agencies and Governments to give active consideration to such alternatives to UNDP-financed resident internationally recruited experts as would meet the requirements of Governments for expertise and, in particular, to consider the following arrangements:

(a) Increased use of qualified nationals, to be employed according to appropriate national standards, as experts in projects in addition to expertise provided by the United Nations system from abroad;

(b) Increased use of expatriate nationals for service in their home countries;

(c) Increased use of institutional twinning arrangements and related methods as proposed in the report of the Joint Inspection Unit;

(d) Increased support to Governments wishing to undertake the direct recruitment of experts;

4. Requests Governments to consider the possibility of making administrative arrangements which would permit the release of government staff for limited periods of service with the United Nations and to reabsorb them upon their return and to allow them to accrue seniority and pension entitlements;

5. Requests the Administrator to consult with the agencies on methods leading to an acceleration of the process of recruiting experts and, in this connexion, to stimulate a review of this issue with national recruitment services;

6. Requests Governments to make every effort to facilitate early clearance of candidates proposed by the agencies;

7. Invites donor Governments, not yet sponsoring associate experts, to consider providing such experts as well as financing associate experts from developing countries, including those under government executing arrangements;

8. Requests the Administrator, to examine, in consultation with ICSC, the extent to which separate staff rules for international as well as national field project staff would facilitate recruitment, ensuring that developing countries have access to the most highly qualified experts available, whether non-nationals or qualified nationals as appropriate, bearing in mind the concern expressed in the Governing Council about the cost of experts;

9. Requests the Administrator to submit to the Governing Council at its twenty-eighth session an analysis of the action taken in pursuance of this decision.

O. UNITED NATIONS FUND FOR POPULATION ACTIVITIES

79/28. United Nations Fund for Population Activities

I

The Governing Council,

Taking into account the comments made during the consideration of agenda item 20,

1. Takes note of the report of the Executive Director on 1978 activities and the future programme (DP/370 and DP/370/ANNEX);

2. Approves the following large-scale programmes and projects:

- In Angola, in the amount of \$5 million for five years (DP/FPA/10/Add.8);
- In Bangladesh, in the amount of \$25 million for five years (DP/FPA/10/Add.19) with the balance of a total of \$50 million programme as described in DP/FPA/10/Add.19 to be provided from other sources;
- In Brazil, in the amount of \$1.1 million for two years (DP/FPA/10/Add.9);
- In Burundi, in the amount of \$5.1 million for four years (DP/FPA/10/Add.22);
- In the Congo, in the amount of \$2 million for five years (DP/FPA/Add.2);
- In Cuba, in the amount of \$6 million for four years (DP/FPA/Add.20);
- In the Dominican Republic, in the amount of \$3.5 million for four years (DP/FPA/10/Add.21);
- In Democratic Yemen, in the amount of \$5.5 million for four years (DP/FPA/10/Add.10);
- In El Salvador, in the amount of \$6 million for four years (DP/FPA/10/Add.13);
- In Honduras, in the amount of \$4.3 million for five years (DP/FPA/10/Add.12);
- In Jordan, in the amount of \$7 million for four years (DP/FPA/10/Add.24);
- In Kenya, in the amount of \$6 million for four years (DP/FPA/10/Add.15);
- In Liberia, in the amount of \$2.5 million for four years (DP/FPA/10/Add.1);
- In Mali, in the amount of \$4.5 million for four years (DP/FPA/10/Add.7);
- In Mexico, in the amount of \$6.3 million for three and one-half years (DP/FPA/10/Add.25);
- In Mozambique, in the amount of \$9 million for five years (DP/FPA/10/Add.3);
- In the Niger, in the amount of \$2,194,000 for five years (DP/FPA/10/Add.4);
- In Panama, in the amount of \$2,286,000 for four years (DP/FPA/10/Add.5);
- In Paraguay, in the amount of \$6 million for four years (DP/FPA/10/Add.17);
- In Peru, in the amount of \$5.3 million for four years (DP/FPA/10/Add.18);
- In Senegal, in the amount of \$5.5 million for four years (DP/FPA/10/Add.6);
- In Thailand, in the amount of \$12 million for three years (DP/FPA/10/Add.11);
- In Zambia, in the amount of \$2 million for three years (DP/FPA/10/Add.23);

Regional project in the Caribbean, in the amount of \$1,750,000 for three years (DP/FPA/10/Add.16);

United Nations Romanian Demographic Centre (CEDOR), in the amount of \$1 million for four years (DP/FPA/10/Add.14);

Allocations for the remaining years of previously approved UNFPA support to the World Fertility Survey (DP/FPA/10/Add.26);

3. Agrees that, with effect from the twenty-sixth session of the Governing Council, allocations to new large-scale projects and programmes will be approved, unless the Council otherwise decides, for their whole duration up to five years, and to request information on those projects approved under the authority of the Executive Director which total \$250,000 or more;

4. Takes note of the report of the Executive Director on UNFPA support of intercountry activities (DP/406), and approves the recommendations made in the report about the priority areas of future UNFPA support of intercountry activities within the level of approximately 25 per cent of total programme resources;

5. Agrees that UNFPA should continue to support the WHO Special Programme of Research, Development and Research Training in Human Reproduction and that in the period 1979-1982, it gradually increase its contribution to attain a level of \$2 million in 1982, and that the Governing Council should review the question of continued UNFPA support for this programme at its regular session in 1982;

6. Takes note of the progress report on UNFPA infrastructure support to organizations of the United Nations system (DP/367) and requests the Executive Director to continue discussions with the parties concerned, with a view to maintaining an acceptable level of UNFPA-supported infrastructure posts, taking into account the need to provide adequate backstopping for the delivery of UNFPA assistance to the developing countries through the organizations in the United Nations system;

7. Decides to give the Executive Director additional approval authority of \$16 million for 1979; an additional \$95.5 million for 1980, to bring the total for 1980 to \$138 million; and \$49 million for 1981 and \$34.5 million for 1982, on the understanding that the Executive Director will limit the approval of projects to available resources.

662nd meeting
28 June 1979

II

Administrative and programme support services of the United Nations Fund for Population Activities

The Governing Council,

Having considered the 1980 budget estimates for administrative and programme support services of the United Nations Fund for Population Activities (DP/398), together with the report of the Advisory Committee on Administrative and Budgetary Questions (DP/413),

1. Approves the appropriations in the amount of \$6,672,697 net, to be allocated from the resources of UNFPA, to finance the administrative and programme support services for the year 1980, as submitted in the budget estimates, amended to delete one P-3, one P-1/2, one G-5, and five G-2/4 posts and to delete the

reclassification of one post to the P-5 level, five posts to the P-4 level, two posts to the P-3 level, and two posts to the G-5 level, as follows:

<u>Programme</u>	<u>US dollars</u>
Executive direction and management	913,864
Administrative and public information support services	1,913,710
Programme planning, appraisal and monitoring	<u>3,845,123</u>
TOTAL NET	<u>6,672,697</u>

2. Agrees that the Executive Director shall be authorized to transfer credits between programmes of the 1980 budgets, within reasonable limits, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

3. Reaffirms that UNFPA shall continue the practice of funding field co-ordinator and liaison officer posts from project funds and of including the data on such posts in the UNFPA administrative and programme support budgets for information purposes;

4. Approves forty field co-ordinator and liaison officer posts for 1980;

5. Takes note of the UNFPA financial report and accounts for the year ended 31 December 1977 and the report of the Board of Auditors (see DP/365);

6. Takes note of the report of the Executive Director containing an outline of of long-term staffing proposals for UNFPA (DP/405).

664th meeting
2 July 1979

P. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

79/22. United Nations technical co-operation activities

The Governing Council

1. Takes note of the report of the Secretary-General on United Nations technical co-operation activities (DP/RP/20) and suggests that the Secretary-General should consider extending the scope of future reports to the Council to include technical co-operation activities of the United Nations not covered in the report;

2. Recommends that the resources and expertise of the Department of Technical Co-operation for Development and specifically its competence in the development of the infrastructure and resource bases, be used more extensively in the furtherance of the development of greater self-reliance of the developing countries and the implementation of the new international economic order;

3. Requests the Secretary-General to present to the Governing Council at the twenty-seventh session a proposal on the future orientation of the work of the Department of Technical Co-operation for Development containing, in particular:

(a) Guidelines for the over-all orientation of the regular programme;

(b) Basic objectives of the Department's work in each of the main sectors of its activity;

(c) Ways and means to increase the use of the regular programme for the benefit of the least developed countries and to promote technical co-operation among developing countries;

4. Welcomes the proposal to use, in consultation with UNDP, the resources of the Department of Technical Co-operation for Development in support of the country programming exercises.

661st meeting
28 June 1979

Q. ACTION TAKEN IN 1978 BY ORGANS OF THE UNITED NATIONS
AND ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

79/14. Action taken in 1978 by organs of the United Nations and
organizations in the United Nations system

The Governing Council

1. Notes the information provided by the Administrator (see DP/384 and Add.1) on action taken by organs of the United Nations and organizations in the United Nations system;

2. Agrees that the texts of the resolutions need not be reproduced in the documentation submitted to the Governing Council under this item wherever they are already referred to in the documentation presented under other items.

660th meeting
27 June 1979

79/15. International co-operative action in support of the
Mar del Plata Plan of Action

The Governing Council,

Recognizing the vital importance of achieving the goals adopted at Mar del Plata,

Noting resolution 1979/31 adopted on 9 May 1979 by the Economic and Social Council in support of the International Drinking Water Supply and Sanitation Decade, especially the establishment of the Interagency Steering Committee comprising the United Nations, UNICEF, UNDP, the ILO, FAO, WHO and the World Bank, that has been set up with UNDP as chairman, to co-ordinate United Nations support for the Decade,

1. Endorses the action taken by the Administrator in support of this co-operative action, in collaboration with the Director General of WHO and other members of the Steering Committee;
2. Endorses also the role assigned by the Administrator, with the concurrence of the Steering Committee, to the resident representatives of UNDP as focal points for the co-operative action at the country level, and requests all agencies of the United Nations system to assist the resident representatives in carrying out these functions;
3. Urges member Governments to give particular attention in their development plans to the provision of safe drinking water supply and sanitation facilities in pursuance of the goals of the Decade, and suggests that developing countries make provision for support, as appropriate, through their UNDP country programmes and from other sources;
4. Welcomes the recommendation of the Economic and Social Council that a one-day special meeting be held during the thirty-fifth session of the General Assembly to launch the International Drinking Water Supply and Sanitation Decade, and requests all member Governments to co-operate in preparing the necessary reports regarding their plans and programmes for the Decade;
5. Requests the Steering Committee to meet at the earliest opportunity to draw up plans for assisting in the preparation of the special meeting as requested by the Economic and Social Council and to define the individual roles and responsibilities of their respective secretariats in co-operating with Governments for achieving the goals of the Decade;
6. Urges the consultations group on the Decade, which held its first meeting in November 1978 in Geneva, to hold a second meeting in the fall of 1979 in order to discuss ways and means of achieving the goals of the Decade;
7. Requests the Administrator to present to the Governing Council at the twenty-seventh session, after consultations with the regional commissions, the necessary information about the implementation of the Mar del Plata Plan of Action 29/ recommendations to increase the funds available to all developing countries and, in particular, to the least developed countries to meet their needs in technical assistance and programmes related to water resources development.

660th meeting
27 June 1979

R. OTHER MATTERS

79/19. Guidelines concerning the relationship between UNDP and external institutions

The Governing Council

1. Adopts the proposed guidelines concerning the relationship between UNDP and external institutions contained in the note by the Administrator (DP/414), as

29/ Report of the United Nations Water Conference, Mar del Plata, 14-25 March 1977 (United Nations publication, Sales No. E.77.II.A.12), chap. I.

amended and reproduced in the annex to the present decision, taking into account the comments made by members of the Council, and on the understanding that they will be operative for a trial period of three years;

2. Invites the Administrator to report annually to the Governing Council on the implementation of the guidelines, and to prepare a detailed evaluation report at the end of the three-year period mentioned above.

658th meeting
26 June 1979

Annex

GUIDELINES CONCERNING THE RELATIONSHIP BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND EXTERNAL INSTITUTIONS

1. There are a number of resolutions of the General Assembly which emphasize the importance of facilitating development co-operation by making available additional technical and financial resources.

2. As one action in response to these resolutions, the Administrator has determined that there should be available, for general information and use, guidelines which establish the basic conditions which must be met by institutions and organizations external to the United Nations, including educational, industrial, labour, scientific, technical and trade institutions, organizations and associations, and similar organizations (hereinafter called Co-operating Organizations) to provide development inputs in collaboration with UNDP.

3. Any operational agreements concluded with individual Co-operating Organizations in respect of specific assistance activities will be subject to the following guidelines:

(a) Co-operating Organizations must be non-profit and non-political. Membership may be composed of individuals or undertakings whatever their form of organization or ownership and may be drawn from developed countries, developing countries, or both;

(b) For any proposed plan of assistance, a Co-operating Organization must satisfy the Administrator that its objective is to assist the country or countries concerned in achieving their economic and social goals and not to promote the particular interests of any members which may participate in activities carried out in collaboration with UNDP;

(c) The objectives of the organizations and the activities which they carry out must be, in the judgement of the Administrator, consonant with those of the Charter and objectives of the United Nations, including ILO conventions;

(d) The Administrator must be satisfied that the membership of Co-operating Organizations is not subject to unreasonable or discriminatory conditions;

(e) The services of the Co-operating Organizations should be available either directly to the developing country, at the Government's direct request, or by

request of the interested Government through the United Nations development system, with the decision as to which method should be used being left solely to the determination of the developing country concerned;

(f) In any project or programme of assistance, Co-operating Organizations will act only in agreement with an interested Government and in full harmony with its national priorities. Where appropriate and when requested by the Government concerned, Co-operating Organizations will utilize the UNDP country programme as a frame of reference. The agreed services provided and activities undertaken through the facilities of UNDP must be carried out in full accordance with UNDP's standing policies and procedures;

(g) Services provided by Co-operating Organizations under these guidelines may be either at their own expense in the case of those organizations which are in a position to meet such expense, or through an appropriate allocation from the recipient's IPF or through other UNDP resources, if necessary;

(h) Reports, recommendations or findings which Co-operating Organizations may prepare with regard to activities carried out with UNDP under these guidelines may not be published without the consent of the Government or Governments concerned and UNDP;

(i) Consultations shall take place as required between Co-operating Organizations and UNDP through their authorized representatives on aspects of activities carried out in collaboration with UNDP;

(j) The publications and other documents of Co-operating Organizations will show in suitable form that they are operated as independent, self-funded organizations with no linkages to UNDP other than those derived from any programmes or projects carried out pursuant to these guidelines;

(k) The general conditions required by UNDP for activities carried out by subcontractors (see UNDP/ADM/HQTRS/210/Add.1 of 22 October 1975) will apply to activities carried out by Co-operating Organizations under these guidelines unless otherwise agreed through specific arrangements.

79/33. Control and limitation of documentation 30/

The Governing Council

1. Expresses deep concern for the delay experienced in the distribution of the documentation for the twenty-sixth session in the working languages which affected the work of the Council;

2. Recognizes that the situation regarding the documents for the Governing Council reflects difficulties experienced generally by the organs of the United Nations which met during 1979;

3. Believes, nevertheless, that effective measures must be taken to control and limit the documentation of the Governing Council;

30/ See also decision 79/8, II, in sect. C above.

4. Decides that:

(a) Document preparation

- (i) Documents should be short and concisely written. Supplementary statistical material should be attached as an annex;
- (ii) Each document should have a brief summary on its cover page which should also include an indication whether action is called for by the Governing Council, the nature of such action, and its financial implications;
- (iii) Documents should indicate, at the beginning, why they are being submitted to the Governing Council. Background statements or historical references should be brief;
- (iv) If the document calls for action, a clear statement of the problem should be given and clear recommendations or alternative courses of action should be indicated and grouped together at the end of the document. Expressions of the opinion of the secretariat should be clearly identified as such. To the extent possible, the texts of the draft decisions should be included;
- (v) If the document is intended for information purposes only, that should be clearly stated;
- (vi) Whenever a document relates to a proposal for a new or modified programme or project, or, for any reason, has financial implications, a statement of the costs involved should be included or attached to the document, as well as an over-all view of the item affected;

(b) Recurrent documents and requests for new documents

- (i) At each session the Governing Council should review in connexion with the consideration of each item the need for the documentation presented and should consider in regard to such recurrent documents as annual reports, the possibility of requesting biennial reporting with, if necessary, a short report in the other year;
- (ii) The information needed for the consideration of each item should normally be covered in a comprehensive document, and separate documents should be prepared only if the matter requires special attention or must include detailed statistical or other information;
- (iii) Documents should not exceed the 32-page limit, unless the expected length of the document has been brought to the Council's attention;
- (iv) When the Council requests new documentation, the financial implications of the documents should be brought to its attention at the time of approval;
- (v) As regards UNFPA, decision 79/28 provides the necessary guidance on the documentation;

- (vi) UNDP, UNFPA, UNSO project fact sheets should be issued by UNDP as secretariat documents in the working language used by the recipient Government for presenting country programmes, and made available to participating Governments, international organizations, and other interested parties only on request. The UNDP secretariat service required to handle this additional work should be strengthened; 31/
- (c) Summary records of the Council and reports of Committees
- (i) The summary records for the Governing Council should be maintained but the report of the Council to the Economic and Social Council should be considerably shorter;
 - (ii) Greater use should be made of cross references in the reports of the Council to the summary record to cover the discussions. Items which do not call for detailed review by the Economic and Social Council and by the General Assembly should be briefly recorded and only comments by delegations in connexion with the approval of a decision should be indicated in the report. For other items the information should be self-contained to facilitate such reviews, and should include the main issues considered without including the views of each delegation, except by reference to the summary records;
 - (iii) The report of the Committees of the Council should be similarly streamlined but should contain sufficient information to enable the Council to review the recommendations of the Committee and to take final decisions;
- (d) Translation, reproduction and distribution of documents
- (i) The Governing Council documentation is the responsibility of the United Nations as regards their translation, reproduction and distribution. Early consultations should be held between UNDP and the United Nations services concerned to schedule the submission and distribution of documents so as to ensure that they are issued at least six weeks before the sessions of the Governing Council;
 - (ii) When information cannot be made available to UNDP on time for submission of the documents to the United Nations according to the agreed schedule, arrangements should be made by UNDP for translation and reproduction on a contractual or over-time basis so that the document is available on time to the members of the Council. On an experimental basis, and without creating a precedent, an amount of up to \$200,000 should be available to the UNDP secretariat to enable such documents also to be available on time in all languages to the members of the Council for the session of the Governing Council;

31/ It is estimated that one G-3 would be required.

(e) Index of records and decisions of the Council

The Administrator should, in consultation with the United Nations, consider the feasibility of issuing an index of the decisions and/or discussions of the Governing Council and to report on this question to the Governing Council at the twenty-seventh session. The index should be published in all working languages;

(f) Provisional agenda of the Governing Council

- (i) The provisional agenda of the Governing Council should be streamlined, taking into account decision 79/8, and the content and presentation of the documentation should facilitate comprehensive reviews of the issues before the Council;
- (ii) The provisional agenda for the next session should be presented for approval by the Council at the previous session on the following tentative lines:
 - I. Programme implementation
 - II. Programme planning
 - III. Programmes and projects for consideration and approval
 - IV. Other funds and programmes
 - V. Matters arising out of action taken by other organs of the United Nations system
 - VI. Financial, budgetary and administrative matters;
- (iii) The schedule of the work of the Council and the Budgetary and Finance Committee should be fixed well in advance and organized in such a way as to facilitate the participation of experts in a consecutive period;
- (iv) Whenever possible, information should be given on the documentation to be prepared for the next session and the attention of the Council should be drawn to any specific difficulty which may arise in connexion with its preparation or distribution;
- (v) Whenever possible, decisions by the Council should be taken immediately following consideration by the Council of an agenda item;

5. Requests the Administrator to keep the implementation of this decision under review and to keep the Council informed on it as necessary.

664th meeting
2 July 1979

S. DATE AND PROVISIONAL AGENDA OF THE TWENTY-SEVENTH SESSION
OF THE GOVERNING COUNCIL

79/49. Date and provisional agenda of the twenty-seventh session

I

The Governing Council

Agrees on the following provisional agenda for its twenty-seventh session:

1. Opening of the session
2. Election of Officers
3. Adoption of the agenda
4. Programme implementation
 - (a) Annual report of the Administrator
 - (b) Evaluation
 - (c) Investment follow-up
 - (d) Comprehensive report to the General Assembly on UNDP and the new international economic order
 - (e) Assistance to national liberation movements recognized by OAU
 - (f) Decade for Transport and Communications in Africa
 - (g) International co-operative action in support of the Mar del Plata Plan of Action
5. Programming planning
 - (a) Preparation for the third programme cycle, 1982-1986 32/
 - (b) Examination of the experience with country programming
 - (c) Review of present practices for determining priorities for the intercountry programmes
 - (d) Criteria for UNDP's response to natural disasters
6. Country and intercountry programmes and projects
 - (a) Relevant trends and problems in the country programmes
 - (b) Country and intercountry programmes and projects

32/ Including report of the study group on possible options for achieving more stable and predictable financing.

7. Other funds and programmes

(a) United Nations Fund for Population Activities

- (i) The report of the Executive Director on 1979 activities and the future programme
- (ii) Large-scale projects and country agreements
- (iii) Request for approval authority
- (iv) Budget estimates for UNFPA administrative and programme support services for 1981
- (v) Audit reports
- (vi) An evaluation report on selected UNFPA projects
- (vii) The future role of UNFPA

(b) United Nations Volunteers

(c) United Nations Capital Development Fund

(d) United Nations Revolving Fund for Natural Resources Exploration

(e) United Nations Special Fund for Land-locked Developing Countries

(f) Assistance to drought-stricken countries in Africa and adjacent areas and follow-up on the Conference on United Nations Desertification

(i) United Nations Sudano-Sahelian Office

(a) Implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region

(b) Implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region

(ii) Assistance to the drought-stricken countries in Africa and adjacent areas

(g) United Nations technical co-operation activities

8. Technical co-operation among developing countries

(a) Report of the Administrator

(b) Report of the high-level meeting

9. Matters arising out of action taken by other organs of the United Nations system:

Role of qualified national personnel in the social and economic development of the developing countries

10. Financial, budgetary and administrative matters

- (a) Report of the study group on possible options for achieving more stable and predictable financing 33/
- (b) Annual review of the financial situation: 1979
 - (i) Operational reserve
 - (ii) Housing loans
 - (iii) Placement of funds in developing countries
 - (iv) ISIP progress
- (c) UNDP budget and supplementary estimates
 - (i) Desk-to-desk survey
 - (ii) Biennial budgeting experience
- (d) IAPSU progress report
- (e) Cost sharing
- (f) Sectoral support
- (g) Financial regulations
- (h) Audit reports
- (i) Support costs
- (j) Other matters

11. Other matters

- (a) Relations between UNDP and external institutions
- (b) Feasibility of an index of decisions of the Governing Council

12. Date and provisional agenda for the twenty-eighth session of the Governing Council

13. Draft report of the Governing Council to the second regular session, 1980, of the Economic and Social Council

33/ Item to be taken up first by the Governing Council in plenary meeting.

II

The Governing Council

1. Decides in accordance with its relevant prior decisions and subject to confirmation by the General Assembly that:

(a) The twenty-seventh session of the Council will be held from 2 to 30 June 1980 at Geneva, unless the Council decides to accept an invitation to meet elsewhere;

(b) The Intergovernmental Working Group on Support Costs will meet from 2 to 4 June at Geneva and be immediately followed by meetings of the Budgetary and Finance Committee;

(c) The Budgetary and Finance Committee will hold its initial meetings on 29 and 30 May 1980, prior to the opening of the twenty-seventh session;

2. Further decides that:

(a) The special meeting of the Governing Council on preparations for the third programming cycle, 1982-1986, will be held from 11 to 15 February 1980 in New York;

(b) The study group on options for achieving more stable and predictable financing will meet on 19 and 20 February 1980 also in New York.

665th meeting
10 July 1979

Index of decisions

<u>Decision No.</u>	<u>Title</u>	<u>Section of chapter XXI</u>
79/6	Country and intercountry programming and projects	D
79/7	United Nations Special Fund for Land-locked Developing Countries	M
79/8	Operational and policy matters regarding implementation and related procedures of the Governing Council for dealing with programme matters	C
79/9	Annual report of the Administrator for 1978	A
79/10	Role and activities of UNDP	B
79/11	Future financing of the Programme	F
79/12	Assistance to drought-stricken countries in Africa and adjacent areas	H
79/13	The role of qualified national personnel in the social and economic development of developing countries	I
79/14	Action taken in 1978 by organs of the United Nations and organizations in the United Nations system	Q
79/15	International co-operative action in support of the Mar del Plata Plan of Action	Q
79/16	Science and technology for development	B
79/17	Disaster preparedness and prevention	D
79/18	Implementation of General Assembly resolution 33/147 on assistance to the Palestinian people	D
79/19	Guidelines concerning the relationship between UNDP and external institutions	R
79/20	Implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region	H
79/21	United Nations Capital Development Fund	K
79/22	United Nations technical co-operation activities	P
79/23	Preparation for the third cycle, 1982-1986	F

<u>Decision No.</u>	<u>Title</u>	<u>Section of chapter XXI</u>
79/24	United Nations Volunteers	J
79/25	Assistance to African liberation movements recognized by the Organization of African Unity	E
79/26	United Nations Revolving Fund for Natural Resources Exploration	L
79/27	Decade for Transport and Communications in Africa	D
79/28	United Nations Fund for Population Activities	O
79/29	Technical co-operation among developing countries	G
79/30	Restructuring of the economic and social sectors of the United Nations system	B
79/31	Mid-term review of the second UNDP programme cycle, 1977-1981	F
79/32	Assistance to the Governments of Jamaica and Yugoslavia in the implementation of rehabilitation and reconstruction programmes	D
79/33	Control and limitation of documentation	R
39/34	Review of the 1978 financial situation and related matters	N
79/35	Cost sharing arrangements	N
79/36	Feasibility of distinguishing between administrative and programme support costs	N
79/37	Custodianship of UNDP funds	N
79/38	Sectoral support	N
79/39	Support costs and related questions	N
79/40	Report of the Intergovernmental Working Group on Support Costs	N
79/41	UNDP financial regulations and rules	N
79/42	Integrated Systems Improvement Project	N
79/43	Loans to Governments for accommodation of field personnel	II
79/44	Budget estimates for 1980-1981	N

<u>Decision No.</u>	<u>Title</u>	<u>Section of chapter XXI</u>
79/45	Interagency procurement services (IAPSU)	N
79/46	Supplementary budget estimates for 1979	N
79/47	Audit reports	N
79/48	Recruitment and use and prospects of reducing the costs of UNDP-financed experts	N
79/49	Date and provisional agenda of the twenty-seventh session	S

ANNEX I

REPRESENTATION AT THE TWENTY-SIXTH SESSION

1. The following members of the Governing Council were represented at the session: Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Burundi, Canada, China, Colombia, Congo, Cuba, Czechoslovakia, Democratic Yemen, Ecuador, Egypt, Fiji, Finland, France, Gambia, Germany, Federal Republic of, Greece, Guinea, Indonesia, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Madagascar, Mexico, Netherlands, Norway, Pakistan, Poland, Romania, Senegal, Sierra Leone, Spain, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.
2. The following States were represented by observers: Bahamas, Bahrain, Barbados, Benin, Bhutan, Bulgaria, Burma, Cape Verde, Central African Empire, Chad, Chile, Cyprus, Democratic Kampuchea, Democratic People's Republic of Korea, Denmark, Dominican Republic, El Salvador, Ethiopia, German Democratic Republic, Ghana, Grenada, Guyana, Honduras, Hungary, India, Ireland, Israel, Jamaica, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Malaysia, Malawi, Mali, Nepal, New Zealand, Nigeria, Paraguay, Republic of Korea, Rwanda, Sao Tome and Principe, Samoa, Singapore, Sudan, Tunisia, Uganda, Upper Volta, Venezuela, Viet Nam, Yemen, Yugoslavia.
3. The following United Nations offices and programmes were represented: United Nations Office of the United Nations Disaster Relief Co-ordinator, United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations Environment Programme, United Nations Centre for Human Settlements, 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 Population Activities, United Nations Volunteers.
4. The following specialized agencies and other organizations of the United Nations system were represented: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization, World Intellectual Property Organization, International Fund for Agricultural Development, International Atomic Energy Agency, International Trade Centre.
5. Observers for the following intergovernmental organizations participated: Agency for Cultural and Technical Co-operation, European Economic Community, Inter-American Development Bank, Organization of African Unity, Organization of American States, World Tourism Organization.
6. Observers from the Palestine Liberation Organization and the League of Arab States attended the session.
7. Observers for the following national liberation movements also attended: African National Congress of South Africa, Pan Africanist Congress of Azania, Patriotic Front (Zimbabwe), South West Africa People's Organization.

ANNEX II

RECORD OF THE JANUARY 1979 MEETINGS OF THE GOVERNING COUNCIL a/

1. The Governing Council of the United Nations Development Programme held four meetings at United Nations Headquarters, New York, on 25 and 26 January 1979 to consider and approve country and intercountry programmes and projects in accordance with Council decision 25/34, part II (b) adopted on 30 June 1978. b/
2. Mr. Artéman Simbananiye (Burundi), President of the Governing Council, presided over the meetings. The Council was informed that Mrs. Ofelia Reyes Retana (Mexico), the Rapporteur, would not be able to attend the meetings. The Council, therefore, at its 626th meeting, elected Mr. Montemayor-Cantu (Mexico) as Rapporteur by acclamation.
3. Members of the Governing Council and observers which were represented at the meetings are listed in appendix II to this record.
4. At its 626th meeting, the Governing Council adopted the agenda reproduced in appendix I to this record. At the same meeting, the Council decided, on the basis of a proposal by the President, that the record of its January 1979 meetings would consist of the decisions taken and reference to the relevant summary records (DP/SR.626-629).
5. The views expressed by delegations on agenda item 1, Country and intercountry programmes and projects, are contained in DP/SR.626-629. The views expressed by delegations on agenda item 2, United Nations Revolving Fund for Natural Resources Exploration, are contained in DP/SR.628. The views of delegations on agenda item 3, United Nations Fund for Population Activities, are contained in DP/SR.629.
6. The Council also considered three other matters: Establishment of an IPF for the New Hebrides for the programme cycle 1977-1981 (see decision 79/4 below); Assistance to the People's Republic of China for the programme cycle 1977-1981 (see decision 79/5 below); and Implementation of General Assembly resolution 33/147, Assistance to the Palestinian People (which the President, in conclusion, indicated would be reverted to at the Council's twenty-sixth session). The views expressed by delegations on these matters are contained in DP/SR.629.

Decisions

7. At its 629th meeting, on 26 January 1979, the Governing Council adopted the following decisions:

a/ Initially circulated as document DP/356.

b/ See Official Records of the Economic and Social Council, 1978, Supplement No. 13 (E/1978/53/Rev.1), chap. XX, sect. P.

79/1. Country and intercountry programming and projects

The Governing Council

1. Approves the proposed country programmes for Argentina (DP/GC/ARG/R.2), Bahrain (DP/GC/BAH/R.2 and Corr.1), Gabon (DP/GC/GAB/R.2), Indonesia (DP/GC/INS/R.2), Oman (DP/GC/OMA/R.2), Samoa (DP/GC/SAM/R.2), Singapore (DP/GC/SIN/R.3), United Arab Emirates (DP/GC/UAE/R.2) and United Republic of Tanzania (DP/GC/URT/R.2 and Corr.1) for the duration of their respective programme periods and within the limits of the Indicative Planning Figures (IPFs) for 1977-1981, and with respect to Indonesia and Samoa, within the limits of IPF resources indicated in the relevant notes by the Administrator (DP/GC/INS/R.2/RECOMMENDATION and DP/GC/SAM/R.2/RECOMMENDATION), taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 IPFs and, in the case of the United Republic of Tanzania, its under-utilization of the Special Measures Fund for Least Developed Countries;

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, c/ 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 following global projects: Maximizing Nitrogen Fixation by Cowpeas and Soybeans in Farming Systems in the Humid Tropics (GLO/77/013) (DP/PROJECTS/R.11/Add.1); Research, Training and Production Programme for Nutritional Quality Maize (GLO/78/009) (DP/PROJECTS/R.11/Add.2); Increasing the Fixation of Soil Nitrogen and the Efficiency of Soil Water Use in Rainfed Agricultural Systems in the Countries of North Africa and Western Asia (GLO/78/003) (DP/PROJECTS/R.11/Add.3); and Low-Cost Water and Sanitation Techniques (GLO/78/006) (DP/PROJECTS/R.11/Add.4); and authorizes the Administrator to make the appropriate arrangements for the execution of these projects;

4. Takes note of the preparatory assistance in the amount of \$25,000, authorized by the Administrator under the Global IPF, towards the establishment of an International Service for National Agricultural Research (ISNAR).

79/2. United Nations Revolving Fund for Natural Resources Exploration

The Governing Council

1. Approves the project Copper and Gold Exploration in Suriname (SUR/NR/76/001) (DP/351) involving a minimum work plan at a cost equivalent to \$500,000 as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities, to a maximum of \$1.5 million, bringing total possible expenditure to the equivalent of \$2 million;

c/ See Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 2A (E/5543/Rev.1), para. 17.

2. Approves the project Exploration of Three Areas in Southern Ecuador (ECU/NR/77/001) (DP/352) involving a minimum work plan at a cost equivalent to \$1.1 million as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities, to a maximum of \$2 million, bringing total possible expenditure to the equivalent of \$3.1 million;

3. Approves the project Exploration for Diamonds in South-western Sudan (SUD/NR/78/001) (DP/353) involving a minimum work plan at a cost equivalent to \$300,000 as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities, to a maximum of \$1.5 million, bringing total possible expenditure to the equivalent of \$1.8 million;

4. Approves the project Mineral Exploration in the Migori Area (KEN/NR/78/001) (DP/354) involving a minimum work plan at a cost equivalent to \$1.1 million as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities, to a maximum of \$1.5 million, bringing total possible expenditure to the equivalent of \$2.6 million;

5. Decides that these approvals shall be cancelled unless the respective Governments and the Fund shall have signed project agreements within a period of nine months after the date of these approvals, it being understood that the Governing Council shall be notified of any such cancellation at the Council's first session after such action has been taken.

79/3. United Nations Fund for Population Activities

The Governing Council

1. Approves the remaining portion of the United Nations Fund for Population Activities programme in Egypt (DP/FPA/9/Add.1 and Corr.1) with allocations in the amount of \$5,514,630;

2. Authorizes the Executive Director to continue the arrangements with the Government of Egypt and the executing agency.

79/4. Establishment of an IPF for the New Hebrides for the programme cycle 1977-1981

The Governing Council

1. Takes note of General Assembly resolution 33/30 on the question of the New Hebrides;

2. Decides, taking into account the level of the current programme, that an IPF of \$1.3 million be established for the condominium of the New Hebrides for the programme cycle 1977-1981 pending accession to independence and that upon such accession the IPF for New Hebrides be set at \$2 million, which figure may be used now for planning purposes; the IPF of \$2 million will be financed by an amount of \$800,000 from the undistributed IPF for Asia and the Pacific and by an amount of \$1.2 million from IPF funds set aside for "future participants and other claims".

79/5. Assistance to the People's Republic of China
for the programme cycle 1977-1981

The Governing Council

1. Takes note of the statement of the Administrator on assistance to the People's Republic of China;
2. Authorizes the Administrator to proceed with appraisal and approval of requests for assistance to the People's Republic of China falling within the outlines of the programme identified by the UNDP mission for the programming cycle 1977-1981, while ensuring that expenditures are kept within the limit of \$15 million and are contained within the financial resources available at any given time; the amount of \$15 million will be financed from the funds earmarked for "future participants and other claims".

Appendix I

AGENDA

1. Consideration and approval of country and intercountry programmes and projects

(a) Relevant problems and trends in proposed country programmes (DP/350)

(b) Country programmes

<u>Country</u>	<u>Country programme document</u>	<u>Note by the Administrator</u>
Argentina	DP/GC/ARG/R.2	DP/GC/ARG/R.2/RECOMMENDATION
Bahrain	DP/GC/BAH/R.2	DP/GC/BAH/R.2/RECOMMENDATION
Gabon	DP/GC/GAB/R.2	DP/GC/GAB/R.2/RECOMMENDATION
Indonesia	DP/GC/INS/R.2	DP/GC/INS/R.2/RECOMMENDATION
Oman	DP/GC/OMA/R.2	DP/GC/OMA/R.2/RECOMMENDATION
Samoa	DP/GC/SAM/R.2	DP/GC/SAM/R.2/RECOMMENDATION
Singapore	DP/GC/SIN/R.3	DP/GC/SIN/R.3/RECOMMENDATION
United Arab Emirates	DP/GC/UAE/R.2	DP/GC/UAE/R.2/RECOMMENDATION
United Republic of Tanzania	DP/GC/URT/R.2	DP/GC/URT/R.2/RECOMMENDATION

(c) Global projects

<u>Project</u>	<u>Document</u>
Maximizing Nitrogen Fixation by Cowpeas and Soybeans in Farming Systems in the Humid Tropics (GLO/77/013)	DP/PROJECTS/R.11/Add.1
Research, Training and Production Programme for Nutritional Quality Maize (GLO/78/009)	" " /Add.2
Increasing the Fixation of Soil Nitrogen and the Efficiency of Soil Water Use in Rainfed Agricultural Systems in the Countries of North Africa and Western Asia (GLO/78/003)	" " /Add.3
Low-Cost Water and Sanitation Techniques (GLO/78/006)	" " /Add.4

2. United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)

<u>Project</u>	<u>Document</u>
Gold and Copper Exploration in the Republic of Suriname (SUR/NR/76/001)	DP/351
Exploration of Three Areas in Southern Ecuador (ECU/NR/77/001)	DP/352
Exploration for Diamonds in South-western Sudan (SUD/NR/78/001)	DP/353
Mineral Exploration in the Migori Area (KEN/NR/78/001)	DP/354

3. United Nations Fund for Population Activities (UNFPA)

<u>Project</u>	<u>Document</u>
Assistance to the Government of Egypt	DP/FPA/9/Add.1 and Corr.1

Appendix II

REPRESENTATION AT THE JANUARY 1979 MEETINGS

1. The following members of the Governing Council were represented at the meetings: Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Burundi, Canada, China, Colombia, Congo, Cuba, Czechoslovakia, Democratic Yemen, Ecuador, Egypt, Fiji, Finland, France, Gambia, Germany, Federal Republic of, Greece, Guinea, Indonesia, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Madagascar, Mexico, Netherlands, Norway, Pakistan, Poland, Romania, Sierra Leone, Spain, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.
2. The following States were represented by observers: Bahrain, Barbados, Bhutan, Burma, Chad, Chile, Denmark, Democratic Kampuchea, Dominican Republic, Gabon, German Democratic Republic, Guinea-Bissau, Haiti, Ireland, Israel, Jamaica, Lao People's Democratic Republic, Malta, New Zealand, Philippines, Republic of Korea, Samoa, Somalia, Sudan, Suriname, Syrian Arab Republic, Togo, Turkey, Viet Nam, Yugoslavia, Zaire.
3. The following United Nations offices and programmes were represented: United Nations Secretariat, United Nations Industrial Development Organization, United Nations Environment Programme, United Nations Children's Fund, United Nations High Commissioner for Refugees, World Food Programme, United Nations Institute for Training and Research, Joint Inspection Unit, United Nations Fund for Population Activities.
4. The following specialized agencies and other organizations of the United Nations system were represented: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, International Atomic Energy Agency, International Trade Centre.
5. Observers for the following intergovernmental organizations participated: Asian Development Bank, Inter-American Development Bank, Organization of American States, World Tourism Organization.
6. An observer for the Palestine Liberation Organization attended the meetings.
7. Observers for the following national liberation movements also attended: African National Congress of South Africa, Patriotic Front (Zimbabwe).

ANNEX III

REPORT OF THE INTERGOVERNMENTAL WORKING GROUP ON SUPPORT COSTS

PART I

Third session of the Intergovernmental Working Group on Support Costs

INTRODUCTION

1. The Intergovernmental Working Group on Support Costs held its third session at United Nations Headquarters, New York, during the period 22 to 24 January 1979. Mr. Sarfraz Khan MALIK (Pakistan), Chairman of the Group, presided and Mr. Peter OSVALD (Sweden) served as Rapporteur.

I. ORGANIZATION OF THE SESSION

Attendance

2. Represented at the session of the Working Group were members of the Governing Council, States represented by Observers, and organizations and entities in the United Nations system and other intergovernmental bodies. A list of attendance is included as part IV below.

Agenda and organization of work

3. The Chairman reviewed the progress of the Group's work to date. He thanked and commended the Administrator for his report (DP/WGOC/25 and Corr.1). This report reflected the consensus reached in the Group's June session to seek a modified system of reimbursement which would primarily reflect adjustments for economies of scale and for variations in the mix of project components.

4. The provisional agenda as contained in document DP/WGOC/24, consisting primarily of consideration of proposals for a modified formula, was adopted.

5. In addition to the agenda, the following documentation was before the Group:

(a) Report of the Administrator (DP/WGOC/25 and Corr.1);

(b) Note by the Administrator attaching a note by the Joint Inspection Unit on the report of the Administrator (DP/WGOC/26);

(c) Twenty-second report of the Advisory Committee on Administrative and Budgetary Questions (A/33/7/Add.21). a/

The last mentioned report was transmitted to the Working Group by the Fifth Committee of the General Assembly.

II. INTRODUCTORY STATEMENTS

6. In his introductory statement the Administrator recalled that he had been entrusted by the Working Group to make another effort, in consultation with the agencies and within the framework of the guidelines and criteria enumerated by the Group at its June session, to recommend a modified formula for reimbursement of support costs. The framework, as agreed by the Working Group, was to take into account primarily the variables of economies of scale, component mix of projects and mode of execution. The Administrator pointed out that he would have been reluctant to accept the mandate had he understood at that time that there were objections of principle to these variables. He explained the consultative process followed in the preparation of document DP/WGOC/25 and the reasons underlying his proposals.

7. With respect to economies of scale, he recalled that the Advisory Committee on Administrative and Budgetary Questions had recommended exploring the possibility of applying regressive scales and that the Administrative Committee on Co-ordination (ACC) also recognized that economies of scale are achieved by agencies with larger programmes and that a support service does not normally grow in cost proportionately to the value of the funds administered. His proposals in this respect, including the transitional arrangements to avoid any significant impact on other sources of funding of the agencies most likely to be affected, were formulated with this in mind.

8. The Administrator noted the Advisory Committee's comments that his proposals did not address themselves to the ways and means of reducing the totality of support costs and would transfer additional costs to regular budgets. In this regard he recalled the difficulties in trying to identify the precise costs of providing support services. Furthermore, he pointed out that an adjustment which recognizes that future additional programmes will not necessarily give rise to mathematically proportionate additional support costs should not be regarded as an automatic transfer of charges to other sources of funding. Moreover, such an adjustment beyond certain levels of activity would serve as an incentive to take maximum advantage of the absorptive capacities of large secretariats and thereby to contain over-all support costs. As to the potential impact of the proposed modified formula, on the basis of some broad assumptions there could be savings in support costs reimbursements of the order of some \$50 to \$60 million for the third IPF cycle as a whole.

9. In closing, the Administrator emphasized that the issue of support cost reimbursements was one that must be resolved at a broad policy level by intergovernmental dialogue and decision. He had essentially responded to the request of the Working Group within the framework of the guidelines which the Group had stipulated. He thanked the executing agencies for the understanding and co-operation they extended during the several consultations with them and expressed the hope that the deliberations of the Working Group would produce a viable solution which would resolve the complex issue.

a/ See Official Records of the General Assembly, Thirty-third Session, Supplement No. 7 (A/33/7 and Add.1-39).

III. SUMMARY OF DISCUSSION

10. The Chairman opened the discussion by referring to the proposals contained in the Administrator's report (DP/WGOC/25 and Corr.1) which, in his view, faithfully followed the Working Group's decisions of June 1978 and provided for modifications reflecting differing sizes of programmes, component mix of projects, special arrangements for the World Bank and the Office of Projects Execution (OPE) and for government execution. While introducing the concept of a floor, the proposals also attempted to protect 1981 reimbursement levels and contained many checks and balances. As mentioned by the Administrator, there could be estimated potential savings of \$50-\$60 million over the third cycle which could be redistributed in favour of additional programmes for the developing countries. The Chairman noted that all but three agencies had agreed to the Administrator's proposals and that the work of the Group would be to find a consensus among Governments.

11. There was unanimous appreciation for the Administrator's efforts to seek a solution which, while reflecting faithfully the Working Group's guidelines, could find favour with all parties concerned, and for the clarity and directness of his report. Most members regarded the proposals contained in document DP/WGOC/25 as realistic, easy to understand and practical and as providing a basis for a long-term solution. In the view of some, the proposal represented a good interim solution pending further study of a long-term formula. One or two members, however, considered that further efforts were needed before a change in the present arrangements could be decided.

12. Several members expressed full support of all of the Administrator's proposals since reduced reimbursements would mean that additional UNDP resources would be available for assistance to the developing countries. Other members underlined that a reduced reimbursement rate would lead to requests for proportionate increases in the regular budgets of the agencies. These members could not accept such a shift of the burden. In reply to this, some other members pointed out that they could not accept the argument that a slightly lower reimbursement rate meant an automatic proportionate increase in the regular budgets. Instead, the reduction would result in genuine, long-term savings for the system as a whole.

13. Other members expressed qualified support for applying the new proposals to only the third cycle with the hope that in the meantime, more information regarding the magnitude of costs would be made available to the Working Group by the agencies permitting a more concrete approach to the problem in the long run. Several members expressed disappointment at not having cost data available at this session and suggested that the Working Group might recommend to the governing bodies of the agencies that standardized procedures for providing cost data and for scrutinizing extrabudgetary income be adopted among the agencies. These members considered at the same time that it was essential, even for an interim period, to apply some modifications to the present formula along the lines contained in the proposals in DP/WGOC/25.

14. Another member considered that in the absence of any concrete data on which to base a decision for a modified formula, the present system should be maintained and other approaches examined to achieve the central goal of reducing the totality of support costs.

15. Another member suggested that the agencies be invited to provide information on costs again in June in order to permit member Governments to make a more reasoned judgement at that time.

16. With respect to the elements of the Administrator's proposal, general agreement was expressed to his treatment of government executed projects and, with a few reservations, to his proposals regarding the World Bank.

17. With regard to component mix, some members thought that a lower reimbursement figure, perhaps 5 per cent, could be applied to the special category projects. It was also suggested that the percentage of equipment and/or subcontracts which defined the special category of projects could be set at 70 rather than 75. Another member suggested a sliding scale depending on the percentage of equipment and/or subcontracts in a project, beginning at 50 per cent.

18. On the proposal for economies of scale, members regretted that three agencies had not agreed to the Administrator's proposal and asked to hear comments from the agency representatives. Several members supported the proposals as they were. Others suggested that they could be modified, for example by raising the "thresholds" at which adjustments would be applied, to take into consideration the reservations of the agencies concerning the negative impact on their regular budgets. A few members supported the Advisory Committee's suggestion, which the Administrator had accepted, that provision should be made to take account of inflation in respect of the "thresholds".

19. Several members mentioned other possible solutions, including inclusion of all costs in the regular budgets of the agencies or in the project budgets. The Chairman recalled that the Group had already agreed in June 1978 on the direction along which a solution should be sought and urged members to use that decision as the point of departure for further consideration of the matter.

20. The representative of the Food and Agriculture Organization of the United Nations (FAO) clarified that his agency could not accept any reduction in reimbursement of support costs without the approval of its Council. With respect to cost data, he pointed out that, previous attempts at cost measurement have not been taken into account and that, although FAO does have a limited cost measurement system, it was reluctant to carry out new studies if the results are ignored.

21. The representative of the United Nations explained that the United Nations was prepared to study the situation further and that it had no rigid position. After the restructuring of the Department of Technical Co-operation for Development was completed, it would be in a better position to determine what its costs are.

22. In view of the patterns that were emerging, the Chairman suggested that the Group would wish time for informal internal consultations. The Chairman outlined the three sets of views he had discerned. One set supported the Administrator's proposals set forth in document DP/WGOC/25 with further modifications to meet the concerns of the Governments and the agencies. Another view raised the question as to why actual support costs could not be identified and called for more information in order to base a decision on precise data. A third position was that there could be an interim solution limiting the modifications to the third cycle, with studies being continued based on which a more rational solution could be adopted

for the fourth cycle. The idea of an approach distinguishing between a short-term solution for the third cycle and a longer-term solution based on precise cost data found wide support. The Working Group then went into a series of informal meetings.

Decision of the Working Group

23. At its formal meeting on 26 January 1979, the Working Group adopted by consensus the following decision:

The Intergovernmental Working Group on Support Costs

1. Decides to consider at its fourth session, in June 1979, prior to submitting its report to the Governing Council, the draft decision and the amendments thereto reproduced in the annex to the present decision;

2. Decides to transmit to the executing agencies the text of operative parts I and II of the draft decision;

3. Recalls its earlier invitation to the agencies, contained in paragraph 8 of its decision of 9 June 1978, and again invites the agencies individually to submit information on the application of the modified formulae outlined in the draft, which would indicate the impact of the formulae, including alternatives shown within brackets, on the level of their support costs financed from different sources. This information should:

(a) Relate to cost data for the years 1977, 1978 and 1979 on the assumption that the modified formulae were in effect and also to projected cost data for the period of the third IPF cycle;

(b) Take into account measures to reduce costs and the savings resulting therefrom;

4. Invites the agencies individually to submit comments on the other points included in the operative parts of the draft, and the Joint Inspection Unit to submit any comments it may have on the draft decision and on the comments of the agencies;

5. Further invites the agencies to submit the information and comments requested above to the Administrator before 15 March 1979 in order to give him time to transmit them to Governments members of the Working Group, well in advance of its fourth session in June 1979.

ANNEX

A. Text of the draft decision to be considered by the Working Group at its fourth session

The Intergovernmental Working Group on Support Costs, b/

Recalling its decision of 9 June 1978 in which it outlined the criteria and guidelines on the basis of which the Administrator was requested to recommend a modified formula, in consultation with the executing agencies, for reimbursement of support costs, and recalling further that in that decision the Working Group had specifically underlined the importance of adjustments to take account of economies of scale, nature and component mix of projects and methods of execution,

Having reviewed with appreciation the report of the Administrator (DP/WGOC/25 and Corr.1) and the comments thereon by the Advisory Committee on Administrative and Budgetary Questions (A/33/7/Add.21) and the Joint Inspection Unit (see DP/WGOC/26),

Taking into account the comments, observations and suggestions made during the discussion of this question,

Having continued the examination of this question bearing in mind the terms of reference and criteria laid down by the Governing Council in its decision establishing the Working Group at its 588th meeting on 29 June 1977, in which reference was made, inter alia, to the question of the reduction of overhead costs with the purpose of achieving an over-all reduction in programme support costs,

Recalling the statements in its decision of 9 June 1978 that over-all programme and project support costs have reached significantly large levels, that any new reimbursement formula should provide an incentive to review and reduce over-all support costs and that any UNDP funds released by a reduction of support costs would be fully available for additional programmes in developing countries through a corresponding increase in resources available for IPFs,

Believing that any reduction in UNDP reimbursement of support costs designed to make the system somewhat more rational cannot be regarded as automatically calling for an increase from other sources of funds or as a mere redistribution of costs among different sources,

Considering that the proposals contained in the report of the Administrator constitute a constructive, pragmatic and practical system of modifications in response to the concerns and criteria outlined in the Working Group's decision of 9 June 1978,

Noting at the same time that the several organizations have not provided, or are not in a position, under present organizational and accounting arrangements and procedures, to provide specific information on identified support cost elements or comparable cost data relating to them,

b/ This text will be recast as a draft decision of the Governing Council which the Working Group would recommend for adoption by the Council. Such recasting is already reflected in operative parts I and II.

Convinced, therefore, that efforts should be continued through appropriate forums of the several organizations, beginning with the General Assembly of the United Nations, to seek ways and means of instituting adequate arrangements and systems in the organizations designed to generate cost data which would give a clear picture of actual support costs arising in respect of technical co-operation activities,

Recognizing that such systems may be useful for the broader purposes of the organizations in providing better financial information to Governments, going beyond the question of support costs, and recognizing further that action to bring about such changes and the collection and analysis of cost data on such changes will take some time,

Convinced further that any long-term arrangements for the reimbursement of support costs must be based on cost data of the kind referred to above, but recognizing that decisions based on such data will be difficult to bring about in time for the start of the third IPF cycle beginning in 1982,

Believing that the question of support cost reimbursement should be considered separately in its long-term perspective and for the intermediate term, including the third IPF cycle ending in 1986,

Believing further that for the intermediate term, the existing formula must be modified in the light of the criteria which were emphasized by the Working Group in its 9 June 1978 decision and which are reflected in the proposals contained in the report of the Administrator,

I

The Governing Council,

1. Recommends to the Economic and Social Council and to the General Assembly that they consider the question of seeking ways and means of instituting adequate arrangements and accounting systems in the United Nations designed to generate cost data which would give a clear picture of actual support costs arising in respect of technical co-operation activities and that they consider recommending to the other organizations of the United Nations system the adoption of similar measures designed to generate and provide cost data on a broadly comparable basis;

2. Decides that it will revert to the question of long-term arrangements for support costs as soon as such cost data are available and that, meanwhile, it would retain this item on its agenda;

3. Recommends, pending consideration and establishment of longer-term arrangements at a future date, the adoption of the following arrangements for the intervening period:

(a) The existing arrangements which have been authorized until the end of 1979 should be continued till the end of 1981;

(b) A modified reimbursement formula including the following elements should be applied as an interim measure limited to the third IPF cycle 1982-1986:

(i) Flexibility arrangements

Agencies with annual programme delivery levels below \$15 million would be reimbursed in excess of 14 per cent upon presentation of detailed cost information justifying the increased reimbursement. The Administrator would authorize the amount of reimbursement and would inform the Governing Council of this action. Cases of special hardship arising from significant currency fluctuations and not already covered by the foregoing flexibility provisions would be referred, on an ad hoc basis, to the Governing Council;

(ii) Economies of scale

Agencies with annual programme delivery levels between \$15 and \$50 (75) million would receive, subject to (iii) below, reimbursement at the rate of 14 per cent of programme delivery. For the \$25 million portion between \$50 (75) and \$75 (100) million delivered, the reimbursement rate would be 13.5 per cent; between \$75 (100) and \$100 (125) million, the reimbursement would be at the rate of 13 per cent; and the amount over \$100 (125) million would be reimbursed at 12 per cent;

(iii) Nature and component mix of projects

For projects consisting of 75 (70) per cent or more of the equipment and/or subcontract components, the reimbursement rate would be 7 (5) per cent of total project costs. The totality of these projects would be excluded on an agency-by-agency basis before reductions were made with respect to economies of scale. This provision would be superseded by (i) above in the case of agencies with annual programme delivery levels below \$15 million;

(iv) Special arrangements with the World Bank and UNDP/OPE

The present special arrangements providing for a consolidated reduced rate of 11 per cent reimbursement would continue in respect of the World Bank. The present arrangements for approval by the Governing Council of the annual budget estimates in respect of support services for UNDP/OPE projects would also be continued;

(v) Method of execution

In the case of government execution, agencies would be reimbursed 14 per cent of the amount of the project elements they were asked to execute on behalf of the Government unless the services were provided for the procurement of equipment in which case the reimbursement rate would be as applicable under subparagraph (iii) above;

4. Decides that the Council will (periodically) (annually) review the results of operation of the interim arrangements on the basis of cost data to be submitted by each agency based on the best possible calculations or estimates.

B. Amendment proposed by the delegation of Finland to operative paragraph 2 of part I of the draft decision

2. Decides to revert to the question of long-term arrangements for support costs and to retain this item on its agenda for the consideration of, inter alia, the following issues:

(a) Annual reviews of the results of the operation of the interim arrangements described in part II below, undertaken on the basis of cost data to be submitted by each executing agency based on the best possible calculations of estimates;

(b) Assessments of progress made in the implementation of paragraph 1 above;

(c) Various options for a long-term solution of the support cost problem, such as the establishment of a clear and detailed enumeration of the expenditures to be considered as support costs, methods of calculating support costs on a project basis, full disclosure of support costs to recipient Governments through their inclusion in project budgets and ways and means to provide incentives to all parties concerned to minimize overhead costs;

3. Reiterates its invitation to the executing agencies to provide information to the Governing Council on possible measures which could be taken to strengthen their procedures so that the actual level of support cost components can be more clearly identified.

C. Amendment proposed by the delegation of the United States of America on paragraph 3 of part II of the draft decision

3. Recognizes, pending consideration and establishment of longer-term arrangements at a future date, that additional examination of interim arrangements for the third development cycle is necessary, and therefore decides to consider this matter further at its June session, drawing upon such interim possibilities as continuing the present reimbursement arrangements, or adopting modifications of those arrangements recommended by the Administrator in his report (DP/WGOC/25 and Corr.1), or other suggestions which may arise at the June session. Further, requests the specialized agencies to provide more precise comments on the Administrator's recommendations for consideration by the Working Group and the Governing Council in June 1979.

IV. REPRESENTATION AT THE THIRD SESSION OF THE INTERGOVERNMENTAL WORKING GROUP ON SUPPORT COSTS

24. The following members of the Governing Council were represented at the Working Group: Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Burundi, Canada, China, Colombia, Congo, Cuba, Czechoslovakia, Democratic Yemen, Ecuador, Egypt, Fiji, Finland, France, Gambia, Germany, Federal Republic of, Greece, Guinea, Indonesia, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Madagascar, Mexico, Netherlands, Norway, Pakistan, Poland, Romania, Sierra Leone, Spain, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

25. The following States were represented by observers: Bahrain, Barbados, Bhutan, Burma, Chad, Chile, Denmark, Dominican Republic, German Democratic Republic, Guinea-Bissau, Israel, Jamaica, Lao People's Democratic Republic, New Zealand, Philippines, Republic of Korea, Samoa, Somalia, Suriname.

26. The following United Nations offices and programmes were represented: United Nations Secretariat, United Nations Industrial Development Organization, United Nations Environment Programme, United Nations Children's Fund, United Nations High Commissioner for Refugees, World Food Programme, United Nations Institute for Training and Research, Joint Inspection Unit, United Nations Fund for Population Activities.

27. The following specialized agencies and other organizations of the United Nations system were represented: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, International Atomic Energy Agency, International Trade Centre.

28. Observers for the following intergovernmental organizations participated: Asian Development Bank, Organization of American States, World Tourism Organization.

29. Observers for the following national liberation movements also attended: African National Congress of South Africa, Patriotic Front (Zimbabwe).

PART II

Fourth session of the Intergovernmental Working Group on Support Costs

INTRODUCTION

1. The fourth session of the Intergovernmental Working Group on Support Costs was held at United Nations Headquarters, New York, during the period 4 to 21 June 1979. The Chairman of the Group was Mr. Sarfraz Khan MALIK (Pakistan); Mr. Peter OSVALD (Sweden) served as Rapporteur.

I. ORGANIZATION OF WORK

Attendance

2. Members of the Governing Council, States represented by Observers, and organizations and entities in the United Nations system and other intergovernmental bodies participated in the Working Group's session.

Agenda and organization of work

3. The agenda consisted of a continuation of the discussion of proposals for a modified formula for the reimbursement of agency support costs. The documentation before the Group was:

(a) Note by the Administrator attaching information submitted by the specialized agencies in response to the request of the Working Group contained in its decision adopted in January 1979 (DP/WGOC/28 and Corr.1 and Add.1-3);

(b) Note by the Administrator conveying the reply submitted by the Joint Inspection Unit in response to the request of the Working Group (DP/WGOC/29);

(c) Draft report of the Intergovernmental Working Group on Support Costs (DP/WGOC/L.3).

II. INTRODUCTORY STATEMENTS

4. In his introductory statement, the Chairman summarized briefly the background to the current session, beginning with the decision of the Governing Council in 1977 to set up the Working Group and concluding with the draft decision proposed at the third session in January which was before the Group at the present session. The Chairman identified a number of the principal elements which had emerged from the Group's deliberations, as follows:

(a) There was wide recognition that the present flat rate reimbursement of 14 per cent had significant drawbacks and was not acceptable on a long-term basis;

(b) A consensus was reached last June that there should be modifications to reflect adjustments for economies of scale, for variations in the mix of project components and for the method of execution of projects;

(c) There was broad support for the Administrator's proposals, at least as an interim modified solution for a limited period, although there were some reservations in the specifics and at least one large agency had expressed strong opposition to the economies of scale adjustments;

(d) There was agreement that a long-term solution must be based on arrangements for generating cost data on support costs incurred and that there must be arrangements for adequate intergovernmental review of these costs;

(e) There was recognition that any adjustments in the UNDP reimbursement towards support costs should be regarded as providing an incentive to review and reduce the costs in question and not as automatically requiring increased expenditure from other sources of funds.

5. The Administrator, in his remarks, underscored the conclusion of the Governing Council that the issue of the amount of reimbursement to be made by UNDP for support of executing projects was a matter for broad policy decision by Governments, going beyond merely financial or technical considerations. He expressed the hope that governmental positions in the different legislative bodies of the system would be sufficiently co-ordinated so that the policy decisions transmitted to the various secretariats would reflect the same posture of Governments on issues which affected all organizations so that the activities undertaken would become even more efficient, effective and economical for the benefit of the developing countries. The Administrator recalled that he had recommended that the present arrangements, together with the flexibility arrangements in force, should in any event be continued until the end of the current IPF cycle, that is for the years 1980 and 1981.

III. SUMMARY OF DISCUSSION

6. The Chairman opened the discussion by summarizing the substance of the main points made by the agencies as contained in the note by the Administrator (DP/WCOC/28 and Corr.1 and Add.1-3).

7. One member repeated the view of his Government, advanced at previous sessions, that there should be greater competition in the selection of methods and entities for the execution of projects as a means of reducing support costs, and that executing agencies should inform Governments on the use of support cost reimbursements in each project executed in national programmes. His delegation also suggested that the agencies consider the possibility of the adoption of procedures that would reduce support costs through competition among the possible executing entities and consulting institutions. This view was supported by another member who saw merit in this proposal as a means of reducing the burden of providing for support costs from the regular budgets of the agencies which was the primary concern of his delegation. This member also supported the proposal by the Joint Inspection Unit to include the support costs in the projects budgets.

8. The Deputy Administrator pointed out that the suggestion to reduce support costs through competition among the possible executing agencies raised fundamental issues touching upon the principle of partnership and of the totality of the relationships between the agencies and UNDP and would therefore require consideration by the Governing Council itself.

9. One member regretted that the information conveyed by the agencies in document DP/WGOC/28 confirmed his Government's impression that the impact of the modified formula would be arbitrary and distorting and that it was unrealistic to claim that compensating increases would not occur in the regular budgets of the agencies affected. In the view of this delegation, the modified formula was not a solution to the problem of agency support costs, even on an interim basis.

10. Another member, although prepared to support the Administrator's proposals, proposed a slightly different approach to the issue. Thus a formula might be devised dealing in aggregates and based on the following factors:

(a) Total agency support costs associated with all technical co-operation programmes;

(b) The volume of all technical co-operation programmes administered by the agency by source of funds, i.e. UNDP, assessed budgets, other sources such as multi-bi, funds-in-trust, etc.; this breakdown would be used to determine the amount of support costs relating to UNDP-financed activities;

(c) A ratio, to be recommended by the Intergovernmental Working Group, to determine the share of support costs for UNDP-related activities as derived above which should be borne by UNDP, the balance to be met by the regular budget of the agency reflecting the principle of partnership and the mutually supportive nature of the two activities. A standard definition of terms to be included in support costs would have to be established prior to identifying these costs associated with administering technical co-operation in the agencies.

11. Another member suggested a two-stage approach to the question consisting of an interim arrangement based on the Administrator's proposals, or the elements outlined above, and a second stage consisting of continuation of work on a longer-term solution. He suggested that any recommendation in respect of the third cycle should be deferred until June 1980 which would permit further review of the issue by the governing bodies of the agencies. His delegation would also like to see a disaggregation, as part of the normal budgetary presentations, of the additional costs directly associated with the implementation of the UNDP programme in each agency and the strengthening of the procedures for intergovernmental review of the use of UNDP support cost reimbursements. He suggested the commissioning of an independent, but limited, study of selected procedures and costs designed to examine the conceptual basis for the provision of support costs and to establish a "benchmark" range of per unit costs for certain tasks.

12. Still another member expressed the view that the results of the calculations of the agencies seemed to indicate that the revised formula could result in savings for UNDP. He pointed out that to insist on an unchanged 14 per cent reimbursement for all kinds of activities, and irrespective of the size of the programmes, would in effect mean that UNDP was required to finance a growing relative share of the agencies' support costs. This was not acceptable to his Government since it did not adequately reflect the concept of partnership. The continuation of the present 14 per cent formula would change the balance to the detriment of UNDP and reduce the resources available for IPFs. His Government was, however, prepared to accept the modified formula proposed by the Administrator although it fell short of what it had intended to achieve.

13. The Working Group then went into a series of informal meetings. The Group reconvened in formal session on 21 June 1979 and adopted the following decision:

The Intergovernmental Working Group on Support Costs,

Recalling its decision of 9 June 1978 in which it outlined the criteria and guidelines on the basis of which the Administrator was requested to recommend a modified formula, in consultation with the executing agencies, for reimbursement of support costs, and recalling further that in that decision the Working Group had specifically underlined the importance of adjustments to take account of economies of scale, nature and component mix of projects and method of execution,

Having reviewed with appreciation the report of the Administrator (DP/WGOC/25 and Corr.1) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/33/7/Add.21) and the Joint Inspection Unit (see DP/WGOC/26), and the additional information received from the agencies (see DP/WGOC/28 and Corr.1 and Add.1-3),

Taking into account the comments, observations and suggestions made during the discussion of this question,

Having continued the examination of this question bearing in mind the terms of reference and criteria laid down by the Governing Council in its decision establishing the Working Group at its 588th meeting on 29 June 1977, in which reference was made, inter alia, to the question of the reduction of overhead costs with the purpose of achieving an over-all reduction in programme support costs,

Recalling the statements in its decision of 9 June 1978 that over-all programme and project support costs have reached significantly large levels, that any new reimbursement formula should provide an incentive to review and reduce over-all support costs and that any UNDP funds released by a reduction of support costs would be fully available for additional programmes in developing countries through a corresponding increase in resources available for IPFs,

Believing that any reduction in UNDP reimbursement of support costs cannot be regarded as automatically calling for an increase from other sources of funds or as a mere redistribution of costs among different sources,

Noting at the same time that the several organizations have not provided or are not in a position, under present organizational and accounting arrangements and procedures, to provide specific information on identified support cost elements or comparable cost data relating to them,

Considering, therefore, that the Working Group does not have adequate information on the costs of administering technical co-operation activities in the United Nations system to enable it to make a recommendation at its June 1979 session of a long-term solution acceptable to all parties concerned,

Convinced that efforts should be continued to seek ways and means of instituting adequate arrangements and systems in the organizations designed to generate cost data which would give a clear picture of the support costs arising in respect of technical co-operation activities, with a view to the over-all reductions of these costs,

1. Considers that a limited study be commissioned, to be undertaken by an independent consultant, to be appointed by the Administrator, to provide the Working Group with the information and other elements it requires to enable it to

recommend long-term arrangements for the reimbursement of agency support costs associated with the administration of technical co-operation activities of the United Nations system, with a view to bringing about an over-all true reduction in such costs including the part met by agency regular budgets. The considerations which should be borne in mind in undertaking the study and the terms of reference for it are contained in the annex to this decision. The study should be submitted to the Working Group, through the Administrator of UNDP, by 1 March 1980 in order to permit the members of the Working Group to study its contents prior to the twenty-seventh session of the Governing Council in June 1980;

2. Expresses the hope that a recommendation for long-term arrangements and for any interim period after 1981 if necessary for the reimbursement of support costs with respect to technical co-operation activities will be formulated in June 1980 in the light of the findings and conclusions of the study;

3. Considers that the costs related to support services warrant greater intergovernmental scrutiny and that the Economic and Social Council should be invited to request the agencies to consider the possibility of bringing together in an annex to their budget documents information on their technical co-operation programmes and the related support costs financed from different sources based on agreed definitions of the elements to be included in support costs;

4. Requests the Governing Council to invite the executing agencies to consider the feasibility of advising the recipient Governments of the projected utilization of the support costs reimbursed by UNDP or, to the extent applicable, covered from the agency's regular budget corresponding to the total UNDP-financed projects being executed by the agency in a national programme;

5. Considers further that, in the meantime, the existing arrangements which have been authorized until the end of 1979 should be continued until the end of 1981;

6. Decides in view of the foregoing that the Governing Council should be requested to authorize the continuation of the Working Group until the end of the twenty-seventh session of the Governing Council in June 1980;

7. Recommends that the Governing Council adopt the following decision:

"The Governing Council,

"Having considered the report of the Intergovernmental Working Group on Support Costs (DP/WGOC/L.3, DP/WGOC/L.4 and DP/L.332),

"Taking account of the comments and observations made during the discussion of this item,

"1. Takes note of the decision adopted by the Working Group at its current (June 1979) session;

"2. Approves the commissioning of the limited study by an independent consultant as recommended by the Working Group as well as its proposed terms of reference and time-table, as contained in the decision of the Working Group and the annex thereto;

"3. Invites the Economic and Social Council to request the agencies to consider the possibility of bringing together in an annex to their budget documents information on their technical co-operation programmes and the related support costs financed from different sources based on agreed definitions of the elements to be included in support costs.

"4. Invites the executing agencies to consider the feasibility of advising the recipient Governments of the projected utilization of the support costs reimbursed by UNDP and/or, to the extent applicable, covered from the agency's regular budget corresponding to the total UNDP-financed projects being executed by the agency in a national programme;

"5. Decides that, in the meantime, the existing arrangements for reimbursement of agency support costs which have been authorized until the end of 1979 should be continued until the end of 1981;

"6. Decides to continue the Working Group until the close of the twenty-seventh session of the Council (June 1980)."

ANNEX

1. The objective of the study, which will be carried out in full co-operation with the executing agencies and UNDP, will be to provide the Working Group with information on the cost of administering technical co-operation activities and other elements it requires to enable it to recommend long-term arrangements for meeting support costs associated with the administration of United Nations technical co-operation programmes with a view to bringing about an over-all reduction in such costs.
2. The study should keep in view the mandate given to the Working Group by the Governing Council in its decision of June 1977. c/
3. The study should be based on a clear definition of the elements of costs to be included in support costs along the lines of the criteria for such definition as outlined by the Joint Inspection Unit in paragraphs 10 and 11 of its note (DP/WGOC/1) and endorsed by the Working Group and accepted by the Administrative Committee on Co-ordination (DP/WGOC/22, para. 17).
4. The study should also address:
 - (a) The elements included under paragraph II, 3(b) of the annex in document DP/WGOC/27, the suggestions contained in the Administrator's report (DP/WGOC/25, and Corr.1) and the comments of the agencies in documents DP/WGOC/28 and Corr.1 and Add.1-3;
 - (b) The feasibility of the proposal contained in document DP/GC/XXVI/WGOC/CRP.2 and its impact on the budgets of the agencies,
 - (c) Ways and means of instituting adequate arrangements and accounting systems in the executing agencies designed to generate cost data which would give a clear picture of actual support costs in respect of technical co-operation activities.
5. The limited nature of the study should not preclude the submission of any conclusions that the consultant may wish to submit within the framework of this mandate.

c/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 348.

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