



UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

FOURTH SESSION

(6-22 June 1967)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FORTY-THIRD SESSION

SUPPLEMENT No. 6A

UNITED NATIONS

New York, 1967

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
INTRODUCTION	1-2	1
<u>Chapter</u>		
I. Organization of the session	3-6	2
II. General debate	7-129	6
III. Programme recommendations of the Administrator: UNDP (Special Fund)	130-145	35
IV. Recommended programme for Indonesia (1967-1968) under the Technical Assistance component of UNDP . .	146-152	46
V. Administrative and financial matters	153-173	48
VI. United Nations programmes of technical co-operation.	174-193	54
VII. Information papers on the regular programmes of technical assistance in 1966 of the specialized agencies and the International Atomic Energy Agency.	194-196	60
VIII. Date and provisional agenda of the fifth regular session	197-201	61
IX. Other matters	202-203	64

(continued on page 3 of cover)

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.

E/4398



UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS

FORTY-THIRD SESSION

SUPPLEMENT No. 6A

GOVERNING COUNCIL OF THE UNITED NATIONS
DEVELOPMENT PROGRAMME

Report to the Economic and Social Council on its fourth session
(6-22 June 1967)

ABBREVIATIONS

UNDP, Programme	United Nations Development Programme
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ILO	International Labour Organisation
ITU	International Telecommunication Union
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization
WMO	World Meteorological Organization

INTRODUCTION

1. The Governing Council held its fourth session at the headquarters of the World Health Organization at Geneva, Switzerland, from 6 to 22 June 1967.
2. The present report was adopted by the Governing Council at its 82nd meeting, on 22 June 1967, for submission to the Economic and Social Council at its forty-third session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

CHAPTER I

ORGANIZATION OF THE SESSION

Attendance

3. The list of duly accredited representatives to the fourth session is attached as annex I.

Agenda

4. The agenda adopted for the fourth session was the following:
 1. Opening of the session.
 2. Adoption of the agenda and organization of work (DP/L.39/Rev.2 and DP/L.40/Add.1).
 3. Exchange of views in private meetings between the Council and the Administrator on matters relating to United Nations Development Programme activities.
 4. General debate (statements by the Administrator (DP/L.49 and Add.1) and members of the Council on issues before the Council):
 - (a) Report on the activities of UNDP in 1966 (DP/L.41 and Corr.1 and 2);
Supplementary reports:
 - (i) UNDP (Technical Assistance) - 1965-1966 biennial programme (DP/L.41/Add.1);
 - (ii) UNDP (Special Fund) - Status of approved projects as at 31 December 1966 (DP/L.41/Add.2);
 - (iii) UNDP (Special Fund) - Status of completed projects and follow-up developments as at 31 December 1966 (DP/L.41/Add.3);
 - (iv) UNDP (Special Fund) - Association of assistance from other sources (DP/L.41/Add.4);
 - (v) UNDP (Special Fund) - Assistance to pilot projects (DP/L.41/Add.5);
 - (vi) Special industrial services (DP/L.41/Add.6, ID/B/7 and Add.1 and 2).

(b) Execution of UNDP projects by participating and executing agencies:

- (i) Recruitment;
- (ii) Plans of operation (DP/SF/L.11);
- (iii) Study of the procurement practices of participating and executing agencies, with special reference to sub-contracting (DP/SF/L.10 and Add.1, DP/SF/L.10/Add.2 and Corr.1);
- (iv) Progress report on co-ordination in the field between representatives of UNDP and representatives of participating and executing agencies (DP/L.43, E/4336);

(c) Perspectives for activities of the Programme in the coming years:

- (i) Programming procedures of the Technical Assistance component (DP/TA/L.10 and Corr.1, DP/TA/L.10/Add.1);
- (ii) Provision of operational personnel under the Technical Assistance component (DP/TA/L.11);
- (iii) Progress report on the study of future needs for pre-investment activity in relation to the administrative capacity of the United Nations system to programme and implement such activities (DP/L.48 and Add.1); 1/
- (iv) Reports on evaluation made available to the Governing Council in accordance with Economic and Social Council resolution 1151 (XLI) (DP/L.42, E/4151, E/4151/Add.1 and Corr.1, E/4151/Add.2 and Corr.1 and 2, E/4151/Add.3 and Corr.1).

5. UNDP (Special Fund) programme recommendations of the Administrator (DP/SF/R.4 and Corr.1 and 2), DP/SF/R.4/Add.1-9, DP/SF/R.4/Add.10 and Corr.1, DP/SF/R.4/Add.11 and 12, DP/SF/R.4/Add.13 and Corr.1, DP/SF/R.4/Add.14, DP/SF/R.4/Add.15 and Corr.1, DP/SF/R.4/Add.16 and Corr.1, DP/SF/R.4/Add.17 and 18, DP/SF/R.4/Add.19 and Corr.1, DP/SF/R.4/Add.20-31, DP/SF/R.4/Add.32 and Corr.1, DP/SF/R.4/Add.33-37, DP/SF/R.4/Add.38 and Corr.1, DP/SF/R.4/Add.39 and 40, DP/SF/R.4/Add.41 and Corr.1, DP/SF/R.4/Add.42, DP/SF/R.4/Add.43 and Corr.1, DP/SF/R.4/Add.44 and Corr.1, DP/SF/R.4/Add.45-53, DP/SF/R.4/Add.54 and Corr.1, DP/SF/R.4/Add.55 and 56, DP/SF/R.4/Add.57 and Corr.1, DP/SF/R.4/Add.58 and 59): 2/

(a) Consideration;

(b) Approval.

6. Recommended 1967-1968 Technical Assistance programme for Indonesia (DP/TA/L.12).

1/ The Council decided to consider this item together with item 7 (d) (iii) of the agenda.

2/ Under this item the attention of the Council was drawn to document DP/SF/L.14.

7. Administrative and financial matters:
 - (a) Comprehensive statement on the financial position of UNDP as at 31 December 1966 (DP/L.46 and Add.1);
 - (b) Report on the revolving fund:
 - (i) Use of the Fund to 30 April 1967 (DP/L.47);
 - (ii) Proposed future arrangements (DP/L.44 and Add.1);
 - (c) Revision of UNDP (Special Fund) Financial Regulations (DP/SF/L.12 and Add.1);
 - (d) Estimates of resources:
 - (i) Statements of contributions as at 30 April 1967 (DP/SF/C/L.25 and L.26; DP/TA/C/L.25 and L.26);
 - (ii) Study of future Special Fund contingency reserve requirements (DP/SF/L.13);
 - (iii) Ways of maintaining the activities of UNDP at least at their present level, and of increasing its financial resources (DP/L.48 and Add.1).
8. United Nations programmes of technical co-operation:
 - (a) Report by the Secretary-General on technical co-operation activities of the United Nations (DP/RP/3 and Add.1 and Corr.1; DP/RP/3/Add.5);
 - (b) Consideration of the proposed United Nations regular programme of technical co-operation for 1968 (DP/RP/3/Add.2 and Corr.1, DP/RP/3/Add.3 and 4).
9. Information papers on the regular programme of technical assistance in 1966 of the specialized agencies and the International Atomic Energy Agency (DP/L.45 and Corr.1).
10. Provisional agenda for the fifth regular session of the Governing Council (rule 8 of the rules of procedure).
11. Date of the next session.
12. Other matters.
13. Draft report of the Governing Council to the forty-third session of the Economic and Social Council.

Summary records of meetings

5. The summary records of the meetings of the fourth session were issued as documents DP/SR/60-82.

Private meetings

6. Four private meetings were held for an exchange of views between the Council and the Administrator on matters relating to UNDP activities. It was decided that the summary records of these meetings should receive general distribution. Two meetings were held on questions arising in connexion with the UNDP (Special Fund) programme recommendations.

CHAPTER II
GENERAL DEBATE

7. Under item 4 of its agenda, the Governing Council considered:

- (a) A statement by the Administrator (DP/L.49 and Add.1);
- (b) A report by the Administrator on the activities of the United Nations Development Programme in 1966 (DP/L.41 and Corr.1 and 2 and DP/L.41/Add.1-6). The main report covered the activities of UNDP in 1966, the first full year of its operations as a unified programme of pre-investment assistance and technical co-operation, and included a brief account of the related programmes of technical assistance being carried out by the United Nations family;
 - (i) Addendum 1 to the report contained statistical data relating to projects in operation under the Technical Assistance component during 1966;
 - (ii) Addendum 2 showed the financial status of projects under the Special Fund component as at 31 December 1966;
 - (iii) Addendum 3 reviewed the status of completed projects and follow-up developments under Special Fund component as at 31 December 1966;
 - (iv) Addendum 4 summarized association of assistance from other sources with the activities of the Special Fund component;
 - (v) Addendum 5 reported on assistance for pilot and demonstration plants;
 - (vi) Addendum 6 referred members of the Council to documents ID/B/7 and Add.1 and 2, which reviewed the activities of the programme of special industrial services during the period from March 1966 to April 1967;
- (c) An oral progress report by the Assistant Administrator and Director, Bureau of Administrative Management and Budget, on recruitment;
- (d) Comments received from participating and executing agencies on the preparation of plans of operation (DP/SF/L.11);
- (e) A report by the Administrator on the use of sub-contracting organizations (DP/SF/L.10); supplementary data relating to sub-contracts awarded by participating and executing agencies for projects in the Special Fund component as at 31 December 1966 (DP/SF/L.10/Add.1); and a guide for firms and organizations desiring to participate in the activities of the United Nations Development Programme (DP/SF/L.10/Add.2 and Corr.1);
- (f) A note by the Administrator (DP/L.43) which drew the attention of the Council to the report of the Secretary-General of the United Nations to the

Economic and Social Council on co-ordination in the field between representatives of UNDP and representatives of participating and executing agencies (E/4336); 3/

(g) Proposals by the Administrator on revised procedures for preparing and approving technical assistance projects (DP/TA/L.10 and Corr.1, DP/TA/L.10/Add.1);

(h) A report by the Administrator on the provision of operational personnel under the Technical Assistance component (DP/TA/L.11);

(i) A note by the Administrator (DP/L.42), which drew the attention of the Council to reports on the evaluation of the combined programmes of technical co-operation of the United Nations system of organizations (E/4151 and Add.1-3) 4/ and to the comments of the Administrative Committee on Co-ordination on those reports (E/4191, 5/ paras. 70-76).

Statement by the Administrator

8. In his statement to the fourth session of the Governing Council, the Administrator took a broad look at the environment in which UNDP was to work and examined some of the larger problems of development, suggesting certain approaches to their solution, and touching on the question of resources for the task.

9. Over the past year the Governments of the large majority of developing nations had demonstrated unprecedented dedication to the economic and social advancement of their peoples. Economic stagnation persisted in a few countries, political unrest and violence had retarded, and even reversed, development progress in others, but in general a new sense of responsibility, a new sense of realism and a greater awareness of needs, obstacles and prospects were becoming evident.

10. In a brief review of the results of the Programme the Administrator noted the Programme's steady growth in 1966. Contributions to UNDP central resources increased 6.34 per cent over those of the previous year, while earmarkings for new projects expanded by 52 per cent, an increase made possible by the Council's authorization of earmarkings beyond resources in hand.

11. The Administrator referred, in particular, to the growth in deliveries under the two components of the Programme as reflected in actual expenditures, which increased 30 per cent over those of the previous year. This over-all increase represented a 15 per cent growth in the number of man-years of expert services, a growth in fellowships of about 20 per cent, a 19 per cent expansion of equipment purchases, and a 22 per cent increase in sub-contractual services.

12. Details concerning the accomplishments of these "inputs" were set forth in reports before the Council, but the Administrator wished to draw particular attention to the fact that follow-up investment on pre-investment projects increased by \$722 million in 1966 to a total of \$1,802 million by the end of the

3/ See Official Records of the Economic and Social Council, Forty-third Session, Annexes, agenda item 17.

4/ Ibid., Forty-first Session, Annexes, agenda item 15.

5/ Ibid., agenda item 3.

year. Of no less significance was the fact that some 70,000 nationals of developing nations had been given advanced training during that year. Documents before the Council also indicated progress made during the year towards consolidation of the two sectors of UNDP and the consequent integration of United Nations family assistance to the developing nations.

13. The Administrator reported that good progress was being made in strengthening the co-ordination between the Programme, Governments and the principal organizations concerned with development. The Bureau of External Relations, Evaluation and Reports and the Bureau of Operations and Programming, together with the Associate Administrator, who is responsible for helping Governments to obtain follow-up investment related to UNDP-assisted projects, and the Inter-Agency Consultative Board, were continuing in their efforts to increase the effectiveness of the UNDP's role as the principal multilateral co-ordinating agency in the field of technical and pre-investment assistance.

14. Finally, as instruments of co-ordination and contact there were the UNDP Resident Representatives, whose steadily strengthening relationship with both senior government officials and agency personnel was to the benefit of all. Inter-agency meetings in Resident Representatives' offices occurring with increasing frequency helped to focus the attention of all concerned on their contribution to solving the primary problem - how to bring UNDP resources to bear most effectively on priority needs of developing countries. In addition, the practice of putting country representatives of FAO into UNDP field offices was expected greatly to assist resident representatives in their programme and support function.

15. On the subject of the new programming procedures recommended for the Technical Assistance component, the Administrator felt that the Council's approval of the recommendations before it would lead to the elimination of projects of marginal utility and enable him to move towards integrated country programmes.

16. Referring to counterpart contributions of recipient Governments, the Administrator was confident that most Governments recognized the need for advance man-power planning as a preparation for subsequent Special Fund component projects. A more comprehensive and co-ordinated approach by Governments, agencies and UNDP Resident Representatives, would define more clearly the kind of local personnel required for project counterpart and fellowships and improve their selection.

17. Turning to specific questions of concern to the Programme's management, the Administrator dealt with plans to alleviate problems of expert recruitment and project implementation and follow-up. Citing the need for greater UNDP flexibility to handle the increasing complexities of the development process and to maintain a high standard of project preparation, the Administrator expressed the hope that the Council would approve a more flexible administration of the resources of the revolving fund between individual areas of activity.

18. On the subject of programming procedures in the Special Fund component, the Administrator informed the Council that recent experience regarding both government needs and programme efficiency was producing further evolution both in the scope and direction of certain Special Fund projects, particularly industrial and natural resource surveys. The Administration intended, with Council approval, to explore with Governments projects calling for firm commitments only to a first phase of operation, requiring earmarkings of, say, between \$150,000 and \$500,000. Such a procedure would give Governments and UNDP an earlier opportunity to assess

accomplishments and to consider the needs and possibilities for a subsequent phase of work. Still smaller projects for the same purpose could be devised under the Technical Assistance component.

19. With reference to the content of the programme, the Administrator next addressed himself to fields of activity in which requests for increased assistance were to be expected in the early future. UNDP was likely to be asked to provide more assistance in development planning - sectoral, national and regional. Such assistance would include, for example, help in planning the development of homogenous regions which straddle national boundaries, and assistance in preparing for the creation and operation of common markets. Such projects would require an inter-disciplinary, inter-ministerial and inter-agency approach. In addition to assistance in planning it was known from experience that Governments would also hope to have more help from UNDP in improving services for the administration of promising development schemes.

20. Referring to the economic as well as the humanitarian justifications for assistance to developing countries in improving public health, the Administrator considered that Governments would welcome more Special Fund component projects, both regional and national, to develop sanitation, education and training of health personnel, particularly medical nurses and assistants, and for the development of rural health services. The Administrator believed that despite the vast needs and limited resources, the indicated readiness of UNDP to expand the Special Fund component activities in these fields would bring a better balance to the Programme's development efforts.

21. Continuing on the subject of human resources, the Administrator noted that the programme before the Council contained several projects designed to develop high-level management - a need which has been widely stressed among requesting Governments.

22. The Administrator felt confident that the Council would agree that UNDP could and should extend assistance to the developing countries in the field of export promotion and domestic market expansion. The programme contained a number of projects in these fields, and projects related to such industries as textiles, hides and leather were being conceived with due regard to existing and potential markets and possible means of expanding them.

23. Referring to his recent statement to the Industrial Development Board, the Administrator reiterated his dissatisfaction that there were not more projects approved or requests under consideration for assistance directly related to the creation of new industries, especially those using local raw materials. The Administrator brought the report entitled "Pilot and demonstration plants as pre-investment" (DP/L.41/Add.5) to the attention of the Council as an approach which UNDP might take to assisting industrial development in the low-income countries. In industry as in other fields, however, UNDP could only act upon requests from Governments. A most important task of UNIDO would be to provide needed assistance to Governments in the preparation of requests for UNDP help.

24. Turning to agriculture, the Administrator stated that it was a sad fact that this remained the most backward economic sector in nearly all developing countries. Fortunately, the world at large seemed at last more aware of the imperative need to give agriculture greater support. There was every indication that agricultural

requests in the future would grow considerably. UNDP must be prepared to increase the volume and range of inputs which it supplied. These might include supplies of seed, fertilizers, pesticides and agricultural tools and machinery. Such an increase in inputs would facilitate a wider use of demonstration farms and also field trials, which were an essential part of applied research into increased animal and crop production.

25. Noting that action thus far by United Nations agencies and bodies in the field of population control had been limited to demographic studies, the Administrator stated that the programme must expect and should welcome requests for assistance to family planning programmes. The character and potential scope of the type of projects which were envisaged had led certain Governments to suggest informally that special financial arrangements such as funds-in-trust might be made to facilitate the provision of certain services and supplies. Finally, the Administrator discussed progress in the measures that had been initiated to stimulate investment follow-up. These fell into two categories: action to secure investment in on-going or completed projects, and measures taken to achieve better investment orientation during the project formulation stage. Present experience indicated that it took time, as well as skill and imagination, to find appropriate capital for development, but efforts so far, particularly those jointly made between UNDP, Governments and private financial groups, were generally encouraging.

26. In conclusion, the Administrator expressed the view that except for uncertainty regarding one factor, prospects were good for the multi-national, inter-agency UNDP to build upon its success. The uncertain element was the scale of resources which the major donor countries were prepared to contribute so that UNDP could, in future, meet more of the pressing needs for its assistance.

Summary of discussion

27. The Council welcomed the Administrator's statement and expressed its appreciation of the thorough and comprehensive documentation which had been placed before it.

28. While recognizing that the comprehensive data available to the Council constituted a valuable background for the formulation of policies, a number of members commented on the pure bulk of the documentation and suggested that the Council should concentrate on essentials when asking for additional papers. At the same time another member thought that since so much effort was put into the preparation of the documentation the delegations in turn should have time to give it an adequate amount of study and urged that documentation should be circulated not less than six weeks in advance of Council sessions. Still another member proposed that not all reports should be issued as official documents, but some should be made available to the Council as background papers.

29. The usefulness of the private meetings with which the session opened was the subject of some discussion. A number of members welcomed the opportunity they provided for free and frank exchanges of views between the Council and the Administration, while others felt that these meetings overlapped with the general debate. One member in particular emphasized that the informal nature of the private meetings should always be borne in mind and that representatives should guard against allowing them to lead to substantive or procedural decisions which rightfully belonged to the public meetings of the Governing Council. Another member

felt that the Council would save a considerable amount of time by abandoning the private meetings and incorporating a question and answer period in the general debate.

30. The advisability of holding two general debates a year was also questioned by some members and a suggestion was made that such a debate should take place only at the session when the annual report was presented to the Economic and Social Council. Another member asked if the purpose of this debate was to allow members to introduce subjects not included in the agenda. He wondered if between the fourth and the fifth sessions of the Council some consideration might not be given to removing the general debate from the agenda. He felt that if the Council moved to specific items on the agenda early in the proceedings, it could direct its attention in a much more concentrated way to the important questions on which the Administration needed guidance. Such a procedure would also make it possible to shorten each session. However, some other members felt that there should be a general debate at every session of the Council.

31. The growth in size and scope of the programme and the responsibilities this entailed was widely discussed. In the main, the members of the Council expressed gratification at the ever-expanding scope of the Programme's operations. Several members were gratified by the general course of the work and with the speed at which UNDP had moved towards providing a programme with the needed flexibility and country orientation. Other members felt that the merger of the Special Fund and the Expanded Programme had already proved to be a step in the right direction. In the opinion of still another member, UNDP was the main instrument for furthering the United Nations effort to promote higher standards of living, full employment and conditions of economic and social progress and development. Accordingly, his Government had supported all proposals for widening the scope of UNDP assistance. One member felt, however, that UNDP was not yet providing effective assistance to the developing countries and that its impact was not noticeable. Some members made a plea for universality of membership of UNDP, as the tasks of the Programme could only be carried through effectively by a global partnership of nations in which UNDP would be the centre through which the best experience of all countries could be disseminated.

32. A number of statements were made on over-all policies and guidelines for the Programme; the need for a development strategy which would give a central unity of direction to the Council's work was stressed by several members. In this connexion, the Netherlands representative pointed to his Government's special contributions to the Centre for Development Planning, Projections and Policies and to its initiative in the drafting of recommendations concerning a charter for international development as indicated in General Assembly resolution 2218 A (XXI). A number of members also looked forward with great interest to the Administrator's forthcoming study on the future needs for pre-investment activity, believing that this would constitute an important step forward in increasing the impact of the Programme (see paragraphs 170-173 below). Many others recommended that existing policy directives should be reviewed in order to improve the criteria for selection of projects. The Administrator agreed to submit a study on this question to the Council at its fifth session in January 1968.

33. A clear-cut consistent policy which would concentrate effort on the most vital sectors was suggested by one member. Another, however, doubted the advisability of too strictly defined policies for more than short periods, since the requirements of the developing countries were constantly shifting, insight into

development problems was evolving and new and more refined techniques of assistance were being developed. This view was supported by a number of members who emphasized that the Programme must at all times be ready to adapt to the changing needs of the developing countries. To this end, they urged that the aims and policies governing pre-investment and technical assistance activities as combined in UNDP should be kept under constant review by the Council.

34. The eligibility of countries to receive assistance from UNDP was taken up at some length by the Council. Though it was generally agreed that priority should be given to countries in greatest need, owing to the limited availability of resources, divergent opinions were expressed on how eligibility should be determined.

35. Some members felt that the present system, under which the countries themselves determined whether they should seek assistance or not, should be maintained. The alternative would be for the Council to establish new criteria. In support of the system of self-restraint on the part of requesting Governments, some members thought recipients should forego UNDP assistance when they no longer required it or when they felt the assistance they were receiving should go to more needy areas. Another member, expanding on this theme, thought that at the next pledging conference countries enjoying relatively high incomes should declare that they had no intention of seeking aid from UNDP.

36. Countries that had access to other sources of help, that had internal resources of competence and skills and that were at a higher level of development should, according to another member, hold back their demands on this co-operative effort. He was glad that UNDP had been authorized to accept funds-in-trust from Governments to enable it to provide additional assistance to developing countries in excess of Programme resources. He was happy to report that contributions to funds-in-trust, in addition to its regular contribution to the Programme, were under active consideration by his Government.

37. Some members urged that reimbursement should be sought from countries wishing to draw on the technical resources of UNDP but at the same time able to afford to pay for this assistance, and criteria should be established to determine which countries should be required to make such payments. In this connexion, one member pointed out that the criteria for UNDP assistance should not be established on the basis of political or geographic factors. The Administrator should keep in mind, in making his selections, the actual degree of development and, inter alia, per capita income.

38. The related subject of the counterpart contributions of recipient Governments was also discussed by the Council. Several members felt that a more flexible attitude should be adopted in regard to counterpart contributions from poorer countries. One member, in particular, hoped that the Administrator would not be too rigid on the question of counterpart costs in cases where the difficulties of individual recipient countries were obvious and there was, at the same time, an urgent need for assistance. Others thought that counterpart costs should be waived entirely where the burden was too great. Still another member said he regarded the counterpart contribution as an instrument through which UNDP assistance was linked and merged with the economy of the assisted country. For this reason it did not seem reasonable to abolish counterpart contributions; when necessary, however, they should be kept at a minimum.

39. In view of the importance and complexity of the subject, a number of members suggested that the Administrator should prepare a paper on eligibility for UNDP assistance which would take into consideration the views expressed by the members of the Council and encompass guidelines for both pre-investment and technical assistance aid. In response, the Administrator said he would be glad to prepare this paper for submission at the next session of the Council in January 1968.

40. Under item 4 (c) (i) of its agenda, the Governing Council considered the proposals submitted by the Administrator (DP/TA/L.10 and Corr.1) in response to the Council's requests made at its second and third sessions for a study of possible improvements in the methods of preparing and presenting UNDP Technical Assistance programmes and projects for approval. The Council also considered the text of the provisions prepared by the Administrator to implement the proposed revised procedures (DP/TA/L.10/Add.1).

41. The basic changes recommended by the Administrator in the present procedures for preparing and approving Technical Assistance projects were:

(a) Discontinuation of biennial programming in favour of a system of continuous programming, under which requests for Technical Assistance projects would be submitted by Governments as and when the need arose;

(b) Establishment of annual country target figures by the Governing Council;

(c) Review and approval by the Governing Council of individual projects at each session, and a delegation of authority to the Administrator to approve urgent projects between sessions;

(d) Periodic review of project implementation by the participating and executing agencies and surrender of savings accruing through delays in project implementation, which would thus become available for reprogramming by the recipient Governments.

42. The Administrator's proposals were the subject of extensive discussion by the Governing Council. The Council welcomed the proposals; it recognized that they represented a major change in the programming system of the Technical Assistance component and considered that they represented a logical step forward in the evolution of the Technical Assistance programme. The broad objectives of the proposals commanded the full support of the Governing Council. Some members suggested that the Administrator should prepare similar proposals concerning changes in the programming procedures of the Special Fund component.

43. The Council's debate on the Administrator's proposals centred on the question raised by several members on the division of the responsibilities between the Governing Council and the Administrator. They believed that certain of the functions to be performed by the Council under the Administrator's proposals could more effectively and appropriately be performed by the Administrator, after consultation with his colleagues on the Inter-Agency Consultative Board. More specifically, the representatives of India and Yugoslavia considered that, as the Governing Council was, for the first time, expected to approve the country targets governing the dimensions of the programme in each country, it would be appropriate for the Council to delegate to the Administrator the full authority to approve individual projects within those targets. Moreover, they argued that an arrangement under which Governments' requests, submitted as and when the need arose, would

accumulate pending semi-annual review by the Council would be inconsistent with the basic aims of the proposal for continuous programming. Finally, they observed that, as a practical matter, the task of reviewing thousands of small projects was not one which the Governing Council could effectively accomplish within the limited time available to it. At the 76th meeting of the Council the representatives of India and Yugoslavia jointly introduced amendments to the text of the provisions for implementing the proposed revised procedures (DP/TA/L.10/Add.1), which would have the effect of giving to the Administrator the full authority to approve projects within the country targets established by the Council.

44. The representative of Sweden, joined by another representative, while supporting the amendments of India and Yugoslavia, felt that the Administrator's recommendation that the Governing Council approve country target figures represented a change in existing procedures which was neither necessary nor desirable. The present system, under which the Administrator, and earlier the Executive Chairman of the Technical Assistance Board, had established country targets, had worked well for more than fifteen years; the assignment of this task to the Governing Council might for political and other reasons put the Council in a most difficult position. The representative of Sweden therefore proposed that the Administrator should continue to approve country targets, reporting them post facto to the Council.

45. The attitude of certain other members on the joint amendments of India and Yugoslavia and the proposal of Sweden was related to their concern about the inadequacy of the established criteria regarding the level of country targets and the selection of projects. Some members felt that in principle the Council should approve broad policies, guidelines and criteria governing UNDP and that the Administrator should approve projects and programmes within this policy guidance. However, pending the development of agreed guidelines and criteria, the delegation of authority to the Administrator as proposed by India, Yugoslavia and Sweden would amount to an act of faith which was difficult for some members. All agreed that the Administrator's study on criteria for selection of projects, which had been promised for the January 1968 session (see paragraph 32 above) should cover both components of the programme, and for the Technical Assistance component should include criteria for the establishment of country targets. The Co-Administrator undertook to ensure that the study would cover these points.

46. Some members believed that the Administrator's proposals should be adopted in the form submitted, subject possibly to the understanding that the Administrator could interpret liberally the criterion of urgency under which he would approve projects between sessions of the Council. They felt that the amendments of India and Yugoslavia went too far and that the Council could not escape the basic responsibility of approving UNDP projects. The practical problem associated with the approval of thousands of small projects could be resolved in several ways. An arrangement could be envisaged under which the Administrator would present to the Council simple summaries of projects, perhaps organized on a sectoral basis. The representative of Italy recalled her delegation's intention to submit to the Council at its January 1968 session a proposal for the establishment of a programme committee of the Governing Council, and gave her view that the creation of such a committee would resolve the practical problem referred to by other members. One member, in arguing that the Administrator's proposals should be adopted in their original form, stressed their experimental nature; they would in

any case need revision and refinement after some experience. At that time, the amendments of India, Yugoslavia and Sweden could be considered in the light of actual experience.

47. At its 80th meeting, the Governing Council decided to recommend to the Economic and Social Council and the General Assembly for adoption a draft resolution the annex to which sets out the major features of the new procedures for the planning, approval and implementation of the projects of the Technical Assistance component of UNDP (see annex IV to this report). The Governing Council further agreed that those procedures should be applied on an experimental basis for 1969 and future years and that it would review them in the light of experience and ensure that continuous programming with project budgeting led to programmes and projects contributing most effectively to the economic development of the recipient countries concerned.

48. The Administrator was requested to circulate to Governments, through the resident representatives, at the earliest date and pending approval of the new procedures by the Economic and Social Council and the General Assembly, the proposed detailed arrangements for the preparation of their project requests, and to draw their attention to the distribution of tasks between the recipient Governments, the Governing Council, the Administrator, the resident representatives and the participating and executing agencies.

49. In connexion with the establishment of country targets, the Governing Council agreed that, pending its review of the criteria for UNDP assistance, the Administrator, in proposing country targets, should take into account inter alia such factors as the degree of development of the country, per capita income, the size of population, the extent of assistance from other sources and the capacity for absorbing technical assistance and, in order to ensure stable programming, avoid sharp reductions in country target figures in any single programming period.

50. The Governing Council further agreed that for the 1969 programme:

(a) The planning reserve shall be set at 6 per cent of the resources available for field programmes;

(b) The proportion of funds devoted to regional and inter-regional projects shall be 17 per cent of the field programme resources (16 per cent plus 1 per cent for the smaller agencies);

(c) The amount maintained in the UNDP revolving fund for the purpose of financing technical assistance country and regional contingency projects during that year shall be \$4.5 million;

(d) The level of earmarkings for overheads of the participating and executing agencies for 1969 and 1970 shall be determined on the basis of Economic and Social Council resolution 1060 (XXXIX);

(e) The Administrator shall submit to the Council for review and approval practical arrangements required for the assessment of local costs in accordance with the general principles set forth in Economic and Social Council resolutions 222 (IX), 470 (XV), and 787 (XXX).

51. Council members expressed their appreciation of the Administrator's detailed and factual report on the activities of UNDP in 1966 (DP/L.41 and Corr.1 and 2 and DP/L/41/Add.1-6), the first full year of its operations as a unified programme of pre-investment assistance and technical co-operation.

52. A number of members indicated their satisfaction with the progress of operations, but recognized that the rate of programme implementation was still considerably slower than the over-all growth rate of the programme. The debate which ensued on this subject dealt mainly with the ways and means by which improvements could best be effected, with several members emphasizing the importance of increasing efficiency in the execution of UNDP projects. One member noted that the allocations and disbursements were still lagging behind Governing Council earmarkings, so that the so-called cash reserve was still increasing. In his view it was therefore incumbent upon the Council to continue to insist on a reduction of delays in execution.

53. Concern was expressed by some members of the Council about the absorptive capacity of the participating and executing agencies to carry out the UNDP programme. One member felt that the problem had some relationship to the manner in which the agencies viewed their role in the implementation of the Programme. He felt that some agencies regarded themselves as purveyors of a wide variety of services to developing countries, whereas others were finding it difficult to adjust themselves as completely to the task. Another member felt that it was difficult to consider the problem of agency capacity as a whole, but that it should be studied on a case-by-case basis. Moreover, he considered it more important to know what steps could be taken to improve and strengthen the execution of the programme rather than what had been wrong in the past. While his Government was awaiting with great interest the results of the current work of the Economic and Social Council's Committee for Programme and Co-ordination, there was evidence from the documentation provided by the Administrator that certain problems that seemed to be common to all of the participating and executing agencies recurred throughout the programme. For example, he found remarkably little variation among the agencies in the percentages of signed plans of operation, of experts recruited, of expenditures, of reports processed and of the various other components of the programme.

54. Members were generally pleased with the improvement in the pace of project implementation in 1966, noting in particular that the number of plans of operation for Special Fund projects was greater than in any previous year, as was the number of projects which had been completed. They furthermore welcomed the various measures taken by the Administration in co-operation with the agencies to facilitate and speed up the preparation of plans of operation.

55. Several members referred to the useful documentation provided by the agencies on the preparation of plans of operation. This documentation showed that delays in signature of plans of operation were attributable not only to short-comings on the part of the recipient Governments and the agencies, but also to UNDP itself. They felt that the various suggestions contained in the agency papers should be studied by the Administration. One member felt that the main cause for the delays in the commencement of field work on Special Fund projects was the number of difficulties being experienced by recipient Governments. He felt they needed to strengthen and streamline their operations and thought it was appropriate that the Council, as the governing body of UNDP, should draw the attention of the Governments to these deficiencies.

56. To facilitate the preparation of plans of operation, another member thought that Governments should be required to include in their project requests all the needed items of technical data and information; also that Governments should use the services of experts, financed by UNDP, to help prepare these requests. He also urged that the practice of appointing project managers-designate be given wider application and that consideration be given to setting a deadline for the preparation of plans of operation.

57. Commenting on the need to accelerate programme implementation, several members hoped that the Administration could shorten the time normally taken to appraise project requests. One member stated that the recipient Governments were usually in urgent need of the projects for which they sought assistance and submitted their requests in the hope that they would be approved in time to coincide with specific development plans. He observed, however, that there had been instances where the situation in the requesting country had so changed by the time UNDP had completed its appraisal of the request that the need for the project request had in fact disappeared.

58. As at its third session, the Council devoted considerable attention in the general debate to the subject of recruitment of experts. Various members referred to the statement in the annual report of the Administrator that the most important factor contributing to the differential between the rate of programme implementation and the rate of programme growth was the difficulty being encountered by agencies in the timely recruitment of experts.

59. In an oral statement to the Council at the 75th meeting, the Assistant Administrator and Director, Bureau of Administrative Management and Budget, reported on the recent initiatives undertaken by the Administration in regard to this problem. A consultant had recently completed a study of the possible overlapping by agencies in the recruitment of personnel in similar fields. This was now being reviewed by UNDP. Letters had also been sent to Governments seeking their assistance in locating experts in designated fields where serious shortages existed. In addition, the Administrator was considering convening a meeting in order to seek the advice and assistance of national committees and other bodies engaged in recruitment. Finally, a second meeting of agency recruitment officers was scheduled to take place in the latter part of 1967, to consider specific matters aimed at improving recruitment procedures. A report of the meeting would be submitted by the Administrator to the Council at its fifth session.

60. These initiatives were welcomed by the Council, and various suggestions were made in the course of the debate. Several members felt that there was considerable scope for improvement in the recruitment procedures of the various agencies. It was observed that replies to applications for employment often took too long in coming and, as a result, the candidates were no longer available. It was further pointed out that only a few of the persons who had applied were in fact accepted. This was tending to keep many qualified persons from applying. In this connexion, one member stated that his Government had established a special unit to help recruit experts for international agencies, but since 1964 the number of vacancies notified to this unit had substantially decreased; additionally, although the experts selected by this unit were thoroughly screened for competence, something like ten candidates were rejected for every one appointed. Other members felt that the formal qualifications required of the applicants by the agencies were in many cases excessive. They were also of the opinion that the situation could be improved if the job description for the posts were more realistic, and did not

set out rigid formal requirements which, as one member noted, no one could possibly meet. One member thought that when a number of experts were required for a particular project, a team of experts of one nationality, possibly from one institution, could often work more efficiently than a multi-national team.

61. A number of members hoped to see a greater use of experts from the developing countries and in this context one member thought it would be highly desirable to recruit experts from neighbouring countries, and where possible persons who were familiar with the conditions in the countries in which they were to serve. Some members took exception to the fact that the majority of the experts serving under the Programme were predominantly from Western European and North American countries. They urged that steps should be taken by UNDP and the agencies to reduce the number of ex-colonial civil servants serving under the Programme.

62. Other members reiterated the view, expressed at previous sessions of the Council, that a large number of fully qualified experts in various fields of development were available in socialist countries of Eastern Europe and yet this important source continued to be neglected. They insisted that the Administration and the agencies should take the necessary steps to correct this situation.

63. One member observed that an important aspect of the assignment of experts was being overlooked by the agencies, namely proper advance briefing and orientation on the conditions they would have to face in the field. He suggested that general training procedures should be established that could be applied by all the participating and executing agencies.

64. On another aspect of expert recruitment, the Council considered the report of the Administrator on the use of sub-contracting firms and organizations (DP/SF/L.10 and Add.1; DP/SF/L.10/Add.2 and Corr.1). There was general support for the Administrator's position that the use of qualified consulting services on a sub-contractual basis offered important advantages in the execution of many UNDP-assisted projects. Many members expressed the hope that the participating and executing agencies, with the encouragement of the Administrator, would increasingly turn to firms and organizations for project implementation. One member expressed the view that in respect of recruitment and sub-contracting, and also in relation to the procurement of experts, there appeared to be an undesirable degree of decentralization; what appeared to be called for was a better co-ordinated, joint effort by the participating and executing agencies under the central direction of UNDP.

65. Several members commented on one of the major shortcomings of contractors as described in the report. Certain participating and executing agencies had reported that contractors, especially in survey projects, gave inadequate emphasis or ignored altogether the training component. The members felt that this apparent difficulty could be readily overcome by making provision for training as an integral part of the contract at the time of its negotiation. One member referred specifically to the use of consulting services in the execution of training projects. He saw no reason why certain agencies should exclude the possibility of employing, on a sub-contractual basis, the expertise gained in national technological institutions. However, the Council generally agreed with the Administrator that more experience was required before any conclusion could be drawn from the results of the employment of contractors in technical training

and education projects. The use of sub-contracts in these fields was a matter for continued experimentation by UNDP.

66. It was observed that the agencies appeared, by and large, to be following similar practices in calling for bids from consulting firms and organizations. Nevertheless, some members expressed the hope that the Administrator would continue his efforts to have uniform procedures established throughout the United Nations system of agencies, patterned, if possible, on those of IBRD. One member stressed the necessity to streamline and co-ordinate these procedures and to make them as widely and publicly known as possible. In his opinion, there should be no undue restrictions on participating and executing agencies allowing responsible firms and organizations to submit bids, and the Council might envisage an investigation of this matter in order to decide eventually upon some general rules governing sub-contracting for Special Fund-type projects.

67. The Council expressed its appreciation of the document entitled "A guide for firms and organizations desiring to participate in the activities of the United Nations Development Programme" (DP/SF/L.10/Add.2 and Corr.1). Many members felt that this document would undoubtedly arouse much interest among consulting firms and organizations which had hitherto not been aware of the opportunity to participate in UNDP activities, and urged that it be published as quickly as possible and distributed widely.

68. The Council also welcomed the document giving data relating to sub-contracts awarded by participating and executing agencies for projects in the Special Fund component of the Programme up to the end of 1966 (DP/SF/L.10/Add.1), and requested that it be up-dated and issued at least once annually. In commenting on this document, several members urged that contracts be let on a broader geographical basis. One member pointed out that UNDP was an international endeavour and that it was essential to ensure the widest possible participation of all countries, the developed and the developing alike, at all levels of its activities. Sub-contracting should not be an exception. He noted that firms from six countries accounted for more than 80 per cent of the total cost of contracts awarded up to the end of 1966. In the experience of his own Government, the major difficulty arose when the agencies established a "short list" of firms and organizations who were invited to submit proposals. Firms in his country were seldom included on the short list of firms. One other shortcoming in the existing practice of agencies, in the opinion of this member, was the absence of an established channel through which information on sub-contracting opportunities was made known by an agency to potentially interested parties. Another member urged that UNDP should make greater use of specialized organizations in the socialist countries of Eastern Europe.

69. Several other members, while urging the Administration where possible to broaden the basis for the utilization of sub-contracting services, stressed that contracts should be awarded on the basis of free and equal competition among qualified firms and organizations. One of these members said that the need to ensure an adequate geographical spread and to include firms from countries which had not previously participated should not require a virtual ban to be placed on the contractors of other countries like his own whose currency happened to be easy to spend. He hoped the agencies as well as the Administrator now recognized this.

70. Another concern in regard to sub-contracting practices was voiced by a member of the Council, who noted that in some cases contracts had apparently been signed,

if not before, at least almost immediately after Governing Council approval had been given. In his view, this militated against the principle of free competition and he therefore hoped that agencies would avoid this practice in future, and that where preliminary operations were likely to involve the allocation of sub-contracts, the Administrator would ensure that the information about them was made generally available and in good time. Another member questioned the high costs of contracts and urged that the Administration seek to reduce them.

71. In regard to equipment procurement, one member thought that it would be of considerable assistance to the Council if the Administrator could prepare a report, similar to that giving information on sub-contracts (DP/SF/L.10/Add.1), which would show the size and origin of equipment purchases by agencies for UNDP projects. The Administrator replied that he would be glad to include in his next report a statement dealing with major equipment contracts.

72. The importance of senior counterpart personnel to the success of project execution was stressed by several members. On this point one member noted that some 6,500 fellowships costing approximately \$15 million were awarded under the two components of UNDP during 1966. He felt that if a deliberate effort were made to increase substantially the number of fellowship awards the ultimate impact of UNDP programmes would be greater. Too often much of the valuable work of international experts was wasted after their withdrawal because of the absence or serious shortage of qualified national personnel. The value of seminars in technical training was commented on by another member, who said that 119 symposia had been held in his country between 1961 and the end of 1966 for the benefit of some 3,500 nationals from seventy countries in Asia, Africa, Latin America and Europe and that some twenty more were scheduled to take place in 1967. Another member supported the proposals of UNESCO concerning teaching and research in the basic sciences at university level (DP/SF/L.14), in the expectation that they would produce the vital cadres of scientific and technical personnel.

73. In the Council's general discussion of the progress of UNDP operations during 1966, several members referred to the document on association of assistance from sources with the activities of the Special Fund component of UNDP (DP/L.41/Add.4). As was shown in this document, some 259 pre-investment projects in seventy-one countries had benefited from assistance amounting to some \$100 million up to the end of 1966. This assistance, which had been provided by bilateral programmes, international organizations other than those in the United Nations system and private sources, had been made available under direct arrangements between the recipient Governments and the donors. One member hoped to see more and more co-operation of the kind set forth in this document. The examples cited, like the Mekong project, in his view underlined the value of co-ordinating aid from many sources into one undertaking under the aegis of the United Nations. Another member was glad to see the growing degree of co-operation between multilateral and bilateral programmes, and stressed the importance of better liaison among those programmes.

74. It was observed, in the course of the general debate, that field work had been completed on 116 projects in the Special Fund component of the Programme by the end of 1966. The detailed account of the status of these projects and of the follow-up developments in them (see DP/L.41/Add.3) was well received. One member suggested that the document be published and distributed widely, as it contained information which would be of much use to Governments and other parties interested in investment opportunities. Another member was pleased to see that investment

following completion of certain surveys and feasibility studies increased by \$722 million in 1966 to \$1,800 million by the end of that year. He felt that this was indeed a very impressive figure and hoped that the recently established regional banks would be able to play an increasing role in stimulating investment for UNDP projects. Several members from developing countries expressed the appreciation of their Governments for UNDP assistance in implementing projects which have yielded most promising results.

75. Systematic and continuing evaluation of the Programme was considered by Council members as an essential for the development of sound policy and it was generally agreed that guidelines and procedures should be further developed for this field of work. In view of the wide range of the Programme, its evaluation was recognized to be a difficult and sizeable task. The preliminary measures taken by the Administrator, including the creation of an Evaluation Division within the Bureau of External Relations, Evaluation and Reports, were welcomed. The Administrator stressed that, in order to be effective, the work of this Division would be carried out with a certain degree of independence.

76. Some discussion took place on the concept of evaluation and on the results of evaluation so far obtained and the need for future concerted action. Evaluation was defined by one member as a necessary instrument to check whether operations, based even on the best concepts, really brought the expected results. It should, moreover, be a continuous process and accompany all UNDP undertakings, starting with the request for assistance and ending with the results obtained from completed projects. In the opinion of another member, consecutive investment figures, though relevant, were a limited yardstick for assessing performance.

77. Several references were made to the three pilot evaluation missions to Chile, Tunisia and Thailand, which were carried out by the Secretary-General in co-operation and consultation with UNDP and the agencies in response to Economic and Social resolution 1042 (XXXVII). One member regretted the fact that the visits of each team had been limited to six weeks, which meant that only short discussions could be held with national authorities and brief visits made to projects in operation. The reports of the evaluation team and the comments on their work made by the Administrative Committee on Co-ordination were thought to be very useful for the development of evaluation procedures. The Council was pleased to note that there would be a further series of such missions later in the year.

78. Some members expressed the hope that the evaluation efforts of UNDP would not be unilateral and that recipient Governments and participating and executing agencies would be associated with future evaluation studies. Attention was also drawn to the importance of taking into account the work and experience of the Centre for Development Planning, Projections and Policies and the Committee for Development Planning and other organizations engaged in planning and evaluation. The need for a continuing exchange of ideas at the international level was stressed in view of its important implications for rapid economic and social development. Having noted the Secretary-General's report on the recent proposals of the Administrative Committee on Co-ordination for further work on evaluation, prepared for consideration by the Economic and Social Council at its forty-third session (E/4312), 6/ some members expressed the hope that in the future such new proposals

6/ Ibid., Forty-third Session, Annexes, agenda item 12.

presented to the Economic and Social Council might be submitted for prior comment to the Governing Council, which had a special responsibility in respect of the evaluation of development programmes.

79. UNDP's role in the industrialization of developing countries was a leading topic in the debate, with the majority of the members participating. The Council heard at its 71st meeting a statement by the Executive Director of UNIDO. The increased emphasis on industrialization within the United Nations family of organizations was seen by some members as an expression of the awareness of the world community of the vital importance of this sector for spearheading economic growth.

80. The establishment of UNIDO was welcomed by many members as fulfilling a long felt need for a specialized body in this field, as was also the development of close working relations between UNDP and UNIDO. In this connexion the Council expressed its appreciation of the statement made by the Executive Director of UNIDO, in which he said that UNIDO welcomed and indeed depended on the support of UNDP in its efforts to spur the industrial expansion of developing countries. He referred in particular to three main areas of co-operation between UNIDO and UNDP: first, the establishment of UNIDO field services composed of representatives who would act simultaneously as advisers to the Resident Representatives of UNDP and as liaison officers between the countries they served and UNIDO; secondly, the development of a new programme of activities in the industrial field which would go beyond feasibility studies and which would aim at establishing practical experience of industrial manufacturing in the developing countries and lead to full-scale and wider investment with UNDP assistance; and thirdly, the central role of UNIDO in co-ordinating the activities of the United Nations family in the field of industry and of harmonizing activities at both country and regional levels.

81. The part UNIDO can play in the identification and preparation of industrial projects suitable for UNDP financing and in implementing these projects on behalf of UNDP was emphasized by a number of members who wanted to see UNIDO become fully operational as soon as possible. It was recognized, however, that UNIDO had to be given time to establish itself in its new headquarters before it could assume its responsibilities fully.

82. The creation of UNIDO, had, according to one member, faced UNDP with a problem it had not met before - how to give a new participating organization the chance to prove itself as an executing agency in competition with long established participating bodies. Undesirable though it was, he continued, it had to be admitted that there was competition among agencies for the use of UNDP funds and always would be. He recognized that, given the skills and experience of some other agencies, not all industrially oriented projects should be assigned to UNIDO. He felt, however, that the proportion assigned to UNIDO of three out of twenty industrially oriented projects approved in January 1967 and none out of the thirteen in the present programme did not reflect UNIDO's expected place in the Programme. Another member underlined this point by suggesting that the projects assigned to other organizations in the absence of an agency devoted to industrial development should gradually be transferred to UNIDO.

83. In view of the small number of requests for industrial projects put forward by the Governments of the developing countries, it was generally hoped that UNIDO would be able to help improve this situation. For this purpose, it would be

necessary for UNIDO to be represented in as many developing countries as possible. Special importance was attached in this connexion to the provision of industrial advisers by UNIDO to UNDP field offices.

84. In the view of one member, increased impetus might be given to industrial requests if a certain portion of UNDP resources could be set aside to finance specific activities in the field of industrialization. On the other hand, another member - while agreeing that it would be desirable to augment resources for this work - thought that earmarkings for any particular field would be contrary to the fundamental principles of UNDP under which recipient Governments were free to determine their own priorities. Some members reaffirmed the need for greater co-operation between UNDP and UNIDO both as regards the appraisal of requests made and the implementation and evaluation of industrial projects.

85. According to several members, UNIDO was not the only agency to be consulted on specific industrial development problems. Two in particular felt that UNIDO should concentrate primarily on assisting in undertakings which would help the developing countries to produce more goods for export. With regard to the question of export promotion, several other members hoped that UNDP would work in co-operation with UNCTAD and GATT, who were directly concerned with such matters. Some of them recalled that UNCTAD should play a central co-ordinating role in that connexion.

86. The joint responsibility of UNDP and UNIDO for funds available for the programme of special industrial services was mentioned by another member, who said that he shared the general concern that the rate of utilization of these funds was still rather unsatisfactory. Commenting on the note by the Administrator on special industrial services (DP/L.41/Add.6), he stressed the importance of an increased UNDP and UNIDO effort to utilize the funds in question as expediently as possible.

87. A full and thorough discussion took place on the subject of pilot and demonstration plants as an important part of UNDP's assistance to industrial development. There was general agreement in the Council on the importance of this form of assistance. Considerable divergence of opinion was expressed on what should constitute pilot and demonstration plants and on the criteria and guidelines which should govern assistance to such projects.

88. While various members recognized the difficulties involved in defining pilot and demonstration projects to everybody's satisfaction, they felt it was important that some broad criteria should be formulated to guide the Administration. In this connexion a number of members expressed disappointment that the Administrator's report on this subject (DP/L.41/Add.5) revealed the difficulties but did not sufficiently set out the purpose and scope of pilot projects. One member suggested that criteria should be determined which reflected a definite philosophy, methodology and course of action. Others wondered whether a rigid definitional framework was possible and in fact advisable. In their view the Administration should approach project requests in this field pragmatically. Several members felt that some confusion arose from the use of the terms "pilot plant" and "demonstration plant" interchangeably.

89. In the view of one member, the purpose of a pilot plant was to try out new methods or to test the adaptation of existing methods under different conditions in fields where they have not been applied before, with a view to mobilizing further investment or promoting economies by providing evidence of increased

efficiency. By its nature a pilot plant tended to be experimental and non-profit making and represented only one stage in the development process. Its aim was to obtain information and experience of methods and techniques and of profitability for use in connexion with the undertakings which might later be based on the results of the experiment. Demonstration plants, on the other hand, except where set up in an industrial development centre for the purpose of training, normally did not fulfil any of the objectives of pilot plants. Essentially they were intended to provide technical guidance, as in the case of a fruit canning plant which could encourage farmers to increase fruit production. A somewhat similar comment was made by another member who thought that the principal objectives of pilot projects should be to observe the processes on a scale larger than could be attempted in a laboratory, to test the feasibility of techniques and to estimate production costs. The aim should be to determine whether the process, if expanded to a normal scale of operations, would be technically feasible and economically sound. The importance of carrying out market surveys simultaneously with pilot projects in order to test the advisability of committing larger funds was also emphasized. One other member asked that pilot projects not be considered as units isolated from their surroundings; on the contrary, pilot projects should take into consideration all related factors required for their success, such as training of personnel and marketing studies.

90. The role of pilot plants in developing countries was defined by another member as not so much to experiment with entirely new processes but to expose to prospective entrepreneurs and technicians feasible processes hitherto unknown to them. In this respect a pilot plant was really an experimental training tool.

91. In the course of the debate a number of members commented on the suitability of the pilot project requests cited in the Administrator's report. Most of the members who participated supported the Administrator's view that assistance should be provided for such projects even though they held out little immediate prospects for large-scale investment follow-up. Further, one member felt that a pilot plant supported by UNDP should be an end in itself - a form of direct assistance to processing industries in those developing countries where industries had not yet started up. He felt that there was room for assistance to both kinds - the more classical type of pilot plant as well as small industrial projects - and thought that this was what the Administrator was suggesting in his paper. He would welcome UNDP assistance for small industrial projects which were not necessarily intended to lead to further investment in these projects themselves but which would serve as important catalysts to industrial development, by stimulating investment in associated sectors. In his view this was the main issue on which the Council should take a decision.

92. Another member felt that pilot projects, to be effective, must be implanted in the existing economic structure and must have a direct relationship to the physical and human resources available in the country. While management and administration of pilot projects were the prime responsibility of the Governments concerned, UNDP also had the responsibility to provide guidance in this area, primarily through the Technical Assistance component of the Programme.

93. The experimental nature of pilot projects was stressed by another member, who suggested that for the present UNDP should generally confine its assistance to one project in a single country. Furthermore, projects should be concentrated in countries at the lowest stages of development.

94. The importance of linking pilot projects with national development plans was emphasized by several members, while others urged that the regional aspects should not be overlooked and suggested the possibility of consolidating requests of a similar kind from neighbouring countries into a single regional project.

95. Several members were of the opinion that pilot projects could serve as a bridge between pre-investment and investment activities. In this connexion, one delegation suggested that the Administrator be invited to prepare, for submission to the second session of UNCTAD, a report giving his view on the possibility of implementing the recommendation contained in annex A.IV.8 of the Final Act of the United Nations Conference on Trade and Development. 7/ The difficulties experienced in the implementation of the first industrial pilot project approved by UNDP should not, according to some members, be a source of discouragement and should not prejudice assistance being given to other pilot projects.

96. The paucity of requests for pilot projects was widely commented on and, as in the case of other projects in the field of industrialization, many members urged closer collaboration with UNIDO, UNCTAD, IBRD and the regional development banks.

97. The need for further study of every aspect of pilot projects was stressed by a number of members. In particular, reference was made to previous international and national conferences on this subject and one member asked if a summary could be made of the conclusions reached by those conferences and submitted to the Council. Two other reports on pilot projects were suggested; one, a report by a group of high-level experts and the other, a more comprehensive report by the Administration taking into account the present discussions.

98. At the conclusion of the general discussion on pilot projects, the Governing Council took the decision set out in paragraph 129 (a) (ii) below.

99. Although there was general support for an increase of UNDP work in the industrial field, some members felt that the programme should continue to concentrate on its traditional fields of activity. Many urged that more emphasis be given to training, pointing to the acute shortage of skilled manpower in developing countries. One member pointed out that the Special Fund component of the Programme already contained no less than 110 specific groups of activities. While appreciating the size and extent of the agricultural sector of UNDP, certain members concurred with the Administrator's view that more projects were needed which would contribute to an increase in the world food supply, and in particular to raising the productivity of lands already under cultivation through the use of better seeds, fertilizers and other agricultural inputs.

100. The need was recognized for concerted action by the United Nations family to deal with problems of rural development, including those of a social character, and the resettlement of refugees was singled out for particular comment. Appreciation was expressed of the statement to the Council at its 71st meeting by the United Nations High Commissioner for Refugees in this connexion. He said, *inter alia*, that the many contacts between his Office and UNDP had revealed the increasing interest of UNDP in refugee programmes connected with economic and social

7/ See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), p. 47.

development and had contributed to an effective strengthening of co-operation between the two bodies. There were three major areas in which co-operation should be strengthened between UNDP and his Office and within the United Nations system in general. First, closer consultation was required between the High Commissioner's Office and other United Nations agencies from the very moment a new refugee problem arose, in order to ensure that the solution contemplated fitted into national development plans and/or projects supported or implemented by the agencies. Secondly, actual inter-agency co-operation was required in the early implementation stages of rural settlement projects for refugees, both in the form of expert advice from members of the United Nations family and tangible support through continuous expert co-operation and assistance in cash and in kind. Lastly, it was necessary to ensure the integration of refugee settlement areas in development plans, programmes and projects, in order to ensure the future development of such areas in accordance with the development policy of the country concerned.

101. One member suggested that the Administration should investigate the possibilities of taking social measures into consideration in the planning of individual projects. In his view, it would be useful that project planning take into account such matters as workers' protection, health, housing and labour management relations. In the same context, another member observed that industrial projects were affected by environmental considerations such as health and sanitation, and he believed that this also should be included in projects within the Special Fund component of the Programme. Other members also pointed to the need to improve sanitation and public health education, to train medical assistants and nurses and to establish rural health centres.

102. Support was given to the emphasis placed by the Administrator on the rising needs of developing countries for assistance in the field of family planning. It was pointed out by one member that the techniques for vastly increasing food production and for meeting with action the spectre of uncontrolled population growth had still to be developed. Another member looked forward to the day when the Council would be able to approve the first Special Fund component projects in this field. He hoped that the Administrator would not hesitate to assist Governments in drawing up proper requests in the field of family planning.

103. Referring to another area of activity noted in the Administrator's opening statement, one member stated that his Government attached particular importance to regional projects and thought that work in transport and internal resources was especially suited to this kind of multi-country undertaking. He hoped to see more of such projects coming forward, organized pragmatically as the needs of the particular areas might require.

104. The importance of more extensive assistance in development planning, on a sectoral basis for specific geographic zones and on a national basis as indicated in the Administrator's statement, was commented on favourably. Several members observed that projects in this field would not only produce the needed development planners but would contribute generally to evaluation and other studies on economic development and growth.

105. The Council welcomed at its 76th meeting a statement from the Secretary-General of UNCTAD on the subject of the need for UNDP assistance in the field of export promotion and domestic market expansion. He noted that his organization had the fullest support of UNDP and the regional economic commissions of the

United Nations. There had been some concern expressed over a possible overlapping of work between UNCTAD and GATT, but he was pleased to inform the Council that recently representatives of the two organizations had met to consider this matter and he looked forward to receiving shortly constructive proposals for avoiding any such wastage of effort. He stated that technical assistance in the field of export promotion would be offered to countries to improve their productive facilities and the quality and standardization of their products. Advisory services would also be made available on internal measures needed to facilitate export trade, such as credits, taxes and public administration. UNCTAD would also on request prepare analyses of new markets. His organization was also prepared to elaborate programmes in the field of trade integration activities. A number of Council members spoke in support of this relatively new area of assistance to be rendered to developing countries, but they stressed the need for a fully co-ordinated approach by all the interested intergovernmental bodies.

106. Several members observed that while it was important for the Administration and the Council to assess the trends in the type of assistance to be rendered under UNDP and to single out particular areas of importance, it had always to be recognized that the priorities for assistance must be decided by the Governments themselves and that the UNDP programme should be a reflection of their decisions.

107. Council members observed that effective co-ordination between UNDP, participating and executing agencies and recipient Governments was essential to the proper planning and execution of projects and that it was accordingly one of the main responsibilities of the Council to take measures to ensure continuing improvement in this respect.

108. One member pointed out that co-ordination at all levels, including that between the different agencies, was a positive concept, which meant that it was not so much a question of prohibiting trespassing as of integration of efforts within the United Nations family of organizations. He mentioned the particular responsibility of UNDP as a "banker", to whom appeals were directed by different organizations for increases in their shares of UNDP resources. As such, the UNDP Administration was concerned with the selection of executing agencies for Special Fund projects and perhaps in the future for Technical Assistance projects as well.

109. Another member felt that specialized agencies seemed to exceed their role of participating and executing agencies and assumed too much the role of promoter and administrator of projects, the function of the Administration of UNDP being limited to the examination of the cost of projects and to the strictly statistical and accounting aspects of management. He thought there was perhaps a need to establish criteria reinforcing the role of the Administration. Yet another member observed that it was a very delicate task to arrive at a correct equilibrium between the executing responsibilities of agencies on the one hand and the central directive and co-ordinating responsibilities of UNDP headquarters on the other.

110. The Council welcomed the new statement of policy by the Administrative Committee on Co-ordination which dealt with co-ordination at the country level (E/4336, paras. 6-9). Members recognized that this confirmed and strengthened the position of the Resident Representative, in particular as the focal point for the co-ordination of the activities of the various participating and executing agencies in the field, as an important adviser to the policy-making departments of the

Government on such matters as over-all planning of UNDP assistance, and as the channel of communication for the transmittal of all Government requests. Members drew attention to the fact that the adoption of the revised procedure for Technical Assistance projects would place additional responsibilities on the Resident Representative.

111. The Council expressed satisfaction again at the arrangements made for the functions of the country representatives of FAO to be absorbed by the UNDP field offices and was pleased to note from the Administrator's statement that ten senior agricultural advisers had already been appointed to work in UNDP field offices. A number of members expressed the hope that UNDP would be able to make similar arrangements with other agencies; some pointed to the need for administrative savings under these arrangements. On the subject of co-ordination, one member felt there should also be better co-ordination between UNDP and the Office of the United Nations High Commissioner for Refugees on problems relating to the permanent settlement of refugees, and hoped that appropriate administrative steps would be taken for this purpose.

112. The importance of co-ordination at the national level of assistance under bilateral and multilateral auspices was also stressed. Two members stated that their Governments were fully conscious of the need for resident representatives to know of the bilateral programmes being planned or executed in their countries of assignment. To that end, representatives of their Governments' aid programmes in countries had been instructed to co-ordinate their bilateral programmes with the UNDP resident representatives.

113. There was general appreciation of the statements made to an informal gathering of participants at the fourth session of the Council by three resident representatives on their work and experiences, and members hoped to have the opportunity of hearing statements by other resident representatives in the future.

114. In discussing the financial situation of the Programme, one member felt that the most striking fact emerging from the financial documents before the Council was that the earmarking volume for the Special Fund component in 1967 had been cut back by about 25 per cent from the level of the previous year. It was his opinion that large fluctuations from year to year in the approved programme should be avoided, and he recalled his delegation's proposal at the January 1967 session that the permissible ceiling of earmarkings in excess of resources should, if necessary, be adjusted in order to limit the decline in the programme for 1967 to about 10 per cent.

115. Another member, however, expressed satisfaction that the Administration was not requesting an expansion of authority to earmark beyond resources at the present time. He expressed doubts about the wisdom of increasing the level of earmarkings in the absence of corresponding increases in the level of contributions. In this delegate's view, a good guide to follow in face of the present trend of levelling-off of contributions would be to maintain annual earmarkings at a level approximately equal to annual pledges. The Council's approach to the level of earmarkings should be a conservative one, unless an exceptional increase in contributions occurred. Several members generally supported this view, more than one member pointing out that the Administrator's proposal to reduce the level of the contingency reserves from 10 to 8 per cent, which would release an additional \$14.4 million for project earmarkings, obviated the necessity of an early increase

in the Administrator's present authority to earmark \$140 million in excess of resources in hand.

116. With regard to the Programme's substantial balance of unallocated resources, one member felt that that balance could be further reduced without jeopardizing the principle of financial prudence. This member shared the view of the Administration that between \$20 and \$30 million would be an appropriate level of resources to retain unallocated.

117. Speaking of what he felt was becoming a proliferation of existing and contemplated financial reserves and contingency authorities, one member wondered whether their separate existence was really necessary, or whether some or all could be combined. In reply, the Administrator stressed that for reasons of flexibility he would favour the amalgamation of the component of the revolving fund under one heading, maintaining, however, the present purposes for the funds. This might however be considered too radical a step to be taken at the present time and the Administrator had therefore contented himself with the observations made in his opening statement (DP/L.49) concerning the flexibility desired in the present administration of the revolving fund. As far as the funding of "mini-projects" was concerned, the Administration would not contemplate any new reserve funds - they would be financed like any other project from existing resources. As regards the planning reserve, the Administrator emphasized that this was a device which was believed to be essential to the achievement of the desired degree of flexibility in forward financial planning. The planning reserve was not a cash reserve but simply a temporary reservation of a fraction of estimated future income to permit marginal upward adjustments in country targets which might appear to be required as the programming process unfolded.

118. One member expressed serious doubts concerning the recommendation of the Industrial Development Board proposing the establishment of a separate section of the United Nations regular budget to provide for the programme of technical assistance in industrial development and to enable the Industrial Development Board to consider and approve projects and programmes in the field of industrial development. Such a course of action would, in his opinion, not only represent a retrogression to an earlier practice of "compartmentalizing" a small but vital part of the United Nations budget - a practice which had been found impractical and conducive to inflexibility - but would lead to the situation of two boards and secretariats performing similar jobs. Moreover, one of these boards would be taking decisions on the use of a portion of the budget which was at present marginal and which would, in all probability, remain marginal even given a substantial increase in the part of the United Nations budget covering the regular programme.

119. Many members of the Council referred to the question of contributions to the Programme's resources. The general levelling-off of the previous trend of growth was observed by several speakers, though one member pointed out that contributions to UNDP had, in fact, not ceased to increase, thus demonstrating an improvement upon the general trend in the flows of development capital.

120. More than one member contrasted the sluggish growth in resources for development in general and UNDP in particular to targets which had been set within United Nations bodies. One of these members referred to the Secretary-General's call in the introduction to his annual report on the work of the Organization for

the period 16 June 1965 - 15 June 1966, for a UNDP target of \$350 million by 1970. 8/ Meanwhile, General Assembly resolution 2093 (XX) had envisaged a target of \$200 million for UNDP in the near future. The clear shortfall from this target gave added interest to the proposal made by the Committee for Development Planning at its second session that countries should make specific announcements concerning the levels of their contributions to permit the realization of the targets for the coming decade. 9/ It was pointed out that if such a suggestion were taken up UNDP, and through it the United Nations family of agencies - the greater part of whose development activities are, in most cases, financed by UNDP - as well as the recipient countries, would be enabled to prepare themselves to play their part in achieving the objectives of the next decade.

121. The representative of Denmark spoke of his country's approach to the General Assembly's target figure of 1 per cent of national income to be devoted annually to development financing. Following a request from Parliament, the Government had presented to its legislature a plan, according to which development assistance would be progressively increased so that by 1972 1 per cent of the net national income would be devoted to this purpose, and would be divided equally between multilateral and bilateral programmes. This would mean raising his country's assistance by more than 300 per cent in five years and, in the course of preparing this plan, due account had been taken of the desirability of considerable increases in contributions to UNDP.

122. Another member, in referring to his country's legislative action with regard to the Programme, stated that his country's Parliament had endorsed a governmental proposal for an advance pledge for 1969; a similar pledge for the year 1970, to be made at the 1967 pledging conference, was contingent upon other countries making advance pledges in addition to those for the year 1968. This member reiterated his Government's surprise at the apparent difficulties experienced in other countries in the matter of future financial commitments on development assistance, since the authorities in all countries frequently took decisions which constituted financial commitments for several years ahead.

123. While there was general agreement that it was essential that pledges of new contributions increase at a faster rate than had been the case in the past few years, it was pointed out by more than one member that there was undoubtedly a relationship between willingness on the part of Governments to contribute and the performance of the Programme. Several members saw in measures at present before the Council - notably the proposed revision of the procedures for preparation and approval of technical assistance projects - important steps towards improving the Programme's performance and the efficient utilization of its resources. There were, however, other measures that could and should be taken.

124. Several delegates spoke of the great volume of needs for UNDP-financed assistance and of new areas of activity in which the Programme could appropriately become involved, given increased resources. The delivery capacity of the present United Nations system and also the capacity of recipient Governments to absorb a greater volume of assistance were also raised in connexion with levels of

8/ See Official Records of the General Assembly, Twenty-first Session, Supplement No. 1A (A/6301/Add.1), p. 9.

9/ See Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 7 (E/4362), para. 84.

contributions. One member stressed that it was highly misleading to conclude that UNDP had sufficient resources to meet development needs from the fact that so far no project had been held up on account of lack of funds. He would prefer to ask whether perhaps the criteria for the selection of projects were not entirely appropriate, and whether they were not sometimes too rigid.

125. In response to comments by members on the subject of the Programme's future needs for resources, the Administrator particularly noted the heartening news from the representative who had spoken of his country's future planning of development assistance and its intention of reaching the target of 1 per cent of its net national income. Apart from being a generally encouraging development, such an approach was a most practical means of helping the United Nations family to gear itself to the great tasks ahead.

126. The need for intensified public information activities was stressed by a number of members who thought that general knowledge of the activities of the Programme was too limited. One member said there was a definite need for strengthening the understanding of the complexity of the problems of development and balanced economic and social growth. He was prepared to support any efficient measure the Administrator might propose to improve this situation because he believed that public backing was vital for present contributions and was further a necessity for any increases in contributions. In full agreement with this view, another member indicated that the best way to arouse public interest would be to demonstrate practical results and to show the tangible advantages that recipients and donors alike derived from them. To help in this matter, he was willing to make available to the Administration the conclusions derived from various public relations experiments and campaigns in favour of development which had been carried out in his country.

127. International co-operation in development activities was regarded by many Council members as an essential element in building a better and more peaceful world, and they underlined the relationship between economic and social development programmes and the maintenance of international peace and security. It was in this spirit that they supported the activities of UNDP and the part it played in furthering peace through assistance to the developing areas of the world.

128. The Council also heard, with interest, a statement by the Executive Secretary of the United Nations Institute for Training and Research, in which he described the work that Institute was doing in training and research focused on three essential areas: development and modernization; international organizations; and "trans-national" problems. In the training field, the Institute's work included the organization of seminars for high-level government officials and staff members of the international organizations themselves. In regard to research, this was being carried out principally in such areas as the evaluation of technical assistance programmes, the transfer of technology, the role and impact of public information, and co-ordination between international organizations. He pointed out that the Institute was also taking an active interest in the problem of the "brain drain" which was bleeding many countries of their international élite. Among current research projects under way he drew attention to some special studies being made on the problems of young countries needing help with both internal development and external relations, on questions of budget programming, on national and international measures to combat racial discrimination, and on the development of deep-sea resources.

Decisions of the Governing Council

129. At the conclusion of its general debate, the Council took the following decisions:

(a) Under sub-item 4 (a) of its agenda:

- (i) The Council took note of the Administrator's general report on the activities of UNDP (DP/L.41 and Corr.1 and 2) and of addenda 1 to 6 to that report;
- (ii) The Council also approved, with regard to addendum 5 to the general report (Assistance to pilot projects), the following text:

"The Governing Council, recalling Economic and Social Council resolution 1081 E (XXXIX), and in particular paragraph 8 thereof, noted with interest the report submitted by the Administrator on the subject (DP/L.41/Add.5) and recognized the special need to stimulate industrial activity by assisting pilot and demonstration projects, including experimental industrial units, in developing countries.

"The Council considered that the purpose of such projects should be to promote economic development by stimulating investment through the demonstration, on a limited scale, of the economic and technical feasibility of such investment, and should be in pursuance of a country's development priorities. In order to ensure the success of such projects, the Council also felt that consideration should be given to other factors, such as the training of personnel and marketing studies, which are essential for their success.

"The Council noted the Administrator's statement that such projects should be established after assessment by UNDP of the probabilities of ultimate investment and that a condition would be that any assistance provided for such projects would not be in substitution of support which might otherwise be suitably obtained.

"The Council further suggested that the Administrator should associate UNIDO and, as appropriate, other international organizations, as well as regional and national financing agencies, in the examination of such requests and in their preparation on the basis of the foregoing guidelines.

"The Council invited the Administrator to proceed with assisting Governments in the preparation of requests for assistance in the field of pilot plants and to submit them for approval at the next session and succeeding sessions."

(b) Under sub-item 4 (b) of its agenda:

- (i) The Council took note of the oral progress report on the question of recruitment by the Assistant Administrator and Director, Bureau of Administrative Management and Budget;

- (ii) The Council took note of the comments received from the participating and executing agencies regarding the question of the preparation of plans of operation (DP/SF/L.11);
 - (iii) The Council took note of documents DP/SF/L.10 (Use of sub-contracting organizations), DP/SF/L.10/Add.1 (Data relating to sub-contracts awarded by participating and executing agencies for projects in the Special Fund component as at 31 December 1966) and DP/SF/L.10/Add.2 and Corr.1 (A guide for firms and organizations desiring to participate in the activities of the United Nations Development Programme) and requested the Administrator to continue to report to the Council periodically on awards made to the consulting organizations;
 - (iv) The Council took note of the Secretary-General's report to the Economic and Social Council on co-ordination at the country level (E/4336);
- (c) Under sub-item 4 (c) of its agenda:
- (i) The Council decided, with regard to the programming procedures to be applied to the Technical Assistance component of UNDP, to recommend for adoption by the Economic and Social Council a draft resolution, the text of which is reproduced in annex IV to this report;
 - (ii) The Council decided, pending the results of the evaluation now being undertaken, to propose to the Economic and Social Council that the latter invite the General Assembly, at its next regular session, again to extend the terms of its resolution 1946 (XVIII) - as now amended by resolution 2179 (XXI) - to permit the continued authorization of the use of funds of the Technical Assistance component of UNDP for the provision of operational personnel, at the request of Governments, by all the participating and executing agencies, for the duration of the programme period starting on 1 January 1969;
 - (iii) The Council agreed to consider jointly with item 7 (d) (iii) the Administrator's progress report on the study of future needs for pre-investment activity in relation to the administrative capacity of the United Nations system to programme and implement such activities (DP/L.48 and Add.1); 10/
 - (iv) The Council took note of the following documents made available to the Council under the Administrator's note (DP/L.42):
 - E/4151 - report of the Secretary-General;
 - E/4151/Add.1 - report of the Thailand evaluation team;

10/ See paras. 170-173 below.

- E/4151/Add.2 - report of the Chile evaluation team;
- E/4151/Add.3 - report of the Tunisia evaluation team;
- E/4191 (paras. 70-76) - comments of the Administrative Committee on Co-ordination on the reports of the evaluation teams;
- E/4312 - report of the Secretary-General to the Economic and Social Council at its forty-third session on the evaluation of programmes of technical co-operation.

CHAPTER III

PROGRAMME RECOMMENDATIONS OF THE ADMINISTRATOR: UNDP (SPECIAL FUND)

Analysis of requests received from 1 October 1966 to 31 March 1967

130. As reported to the Governing Council at its third session, 1,229 requests for project assistance had been submitted to the Special Fund by Governments up to 30 September 1966, calling for an expenditure of over \$1,200 million in international resources. 11/ Between 1 October 1966 and 31 March 1967, a further eighty-five requests were received, bringing the total number of requests received to 1,314 and the total amount requested to approximately \$1,277 million.

131. The eighty-five requests were in the following fields of activity:

Table 1

Subject area	Number of requests	Amount requested <u>in US dollars</u>
<u>Surveys</u>		
Mineral and geological	5	3,869,000
Water power, hydraulic and meteorological	1	500,000
River basin	1	2,684,000
Land and water use	7	4,237,000
Transport and communications	8	4,960,000
Fisheries	1	499,000
Forestry	2	1,035,000
Other	3	534,000
Sub-total	28	18,318,000
<u>Research</u>		
Agricultural, forestry, veterinary and fishery	16	19,498,000
Manufacturing, mining and Power	5	5,466,000
Other	2	1,647,000
Sub-total	23	26,611,000
<u>Training</u>		
Agricultural, forestry, veterinary and fishery	16	15,153,000
Industrial	3	3,159,000
Transport and communications	5	3,927,000
Secondary school teacher	2	1,832,000
Primary education	1	1,612,000
Public administration and other	5	3,185,000
Sub-total	32	28,868,000
<u>Economic development planning</u>	2	3,304,000
<u>Total</u>	<u>85</u>	<u>77,101,000</u>

11/ See Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 6 (E/4297), para. 89.

132. The distribution of these new requests by economic sector was as shown below:

Table 2

Economic sector	Number of requests	Amount requested <u>in US dollars)</u>
<u>Agriculture</u>		
Multi-purpose agriculture <u>a/</u>	6	6,619,000
Land and water use	8	5,990,000
Plant production and protection	4	4,382,000
Animal production and health	10	12,102,000
Rural institutions and services	4	2,783,000
Forestry	5	4,968,000
Fishing	4	2,284,000
Sub-total	41	39,128,000
<u>Industry</u>		
Industry, general <u>a/</u>	5	4,679,000
Mining	5	3,869,000
Other individual industries	4	3,773,000
Sub-total	14	12,321,000
<u>Public utilities</u>		
Transport	10	6,804,000
Communications	4	2,707,000
Water supply and sewerage	2	446,000
Sub-total	16	9,957,000
<u>Housing, building and physical planning</u>	2	1,790,000
<u>Multi-sector</u>		
River basin development	2	3,184,000
<u>Health</u>		
Public health services	1	2,541,000
<u>Education <u>b/</u></u>		
Primary	1	1,612,000
Secondary	2	1,832,000
Technical	1	1,555,000
University	1	620,000
Other	1	592,000
Sub-total	6	6,211,000
<u>Public administration and other services</u>		
Public administration	2	420,000
Technical services	1	1,549,000
Sub-total	3	1,969,000
<u>Total</u>	<u>85</u>	<u>77,101,000</u>

a/ Covers activities in more than one sub-sector.

b/ Assistance to a specific sector or sub-sector is classified under the sector or sub-sector concerned.

133. The geographical distribution of the new requests, and of the cumulative total of all requests received, was as shown below:

Table 3

Geographical area	Requests received 1 October 1966 to 31 March 1967	Requests previously received	Cumulative total to 31 March 1967
Africa	34	398	432
The Americas	14	310	324
Asia and the Far East	24	310	334
Middle East	8	130	138
Europe	5	79	84
Interregional	-	2	2
<u>Total</u>	<u>85</u>	<u>1,229</u>	<u>1,314</u>

134. Of the 275 requests under consideration (85 new requests mentioned above, 189 pending as at 30 September 1966 and 1 re-submitted request), 54 were recommended for approval at the June 1967 session of the Governing Council, 11 were withdrawn by the requesting Governments, and in 11 cases the Governments concerned were informed that their requests were not being kept under review. Therefore, as at 31 March 1967, 199 projects were under consideration for possible inclusion in future programmes. In addition, there were some 70 further requests with unofficial status, and some 55 instances of "advance information" concerning possible requests which were under consideration.

Programme recommendations

135. The Administrator recommended that the Governing Council approve 54 projects and two supplementary earmarkings ^{12/} (see annex II to this report). This programme totalled \$129,697,200, of which \$48,950,200 represented UNDP (Special Fund) earmarkings and \$80,747,000 contributions by recipient Governments.

136. The distribution of recommended projects by field of activity, by economic sector and by geographical region, both for the recommended programme and cumulatively, was as shown in tables 4, 5 and 6 below.

^{12/} For Haiti: supplementary assistance to the land and water surveys in the Gonaives Plain and the North-west Department; and for Laos and Thailand: supplementary assistance to the survey of minerals and mineral processing industries in the Lower Mekong River basin (Laos).

Table 4
Distribution of projects by principal field of activity

Field of activity	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking (US dollars)	Number of projects	Earmarking (US dollars)	Number of projects	Earmarking (US dollars)
<u>Surveys</u>						
Mineral and geological	54	47,869,800	2	2,675,200 ^{a/}	56	50,545,000
Water power, hydraulic and meteorological	26	23,470,845	-	--	26	23,470,845
River basin	29	34,330,380	1	906,200	30	35,236,580
Land and water use	96	83,228,885	4	4,081,600 ^{b/}	100	87,310,485
Transport and communications	30	25,232,000	9	6,244,600	39	31,476,600
Manufacturing industries	5	4,888,000	-	--	5	4,888,000
Fisheries	23	26,666,300	1	576,900	24	27,243,200
Forestry	28	24,057,200	1	499,200	29	24,556,400
Other	18	13,802,253	2	1,484,300	20	15,286,553
Sub-total	309	283,545,663	20	16,468,000 ^{a/b/}	329	300,013,663
<u>Research</u>						
Agricultural, forestry, veterinary and fishery	76	76,129,213	9	7,698,900	85	83,828,113
Manufacturing, mining and power	47	44,698,600	2	691,200	49	45,389,800
Other	25	24,339,500	3	3,534,200	28	27,873,700
Sub-total	148	145,167,313	14	11,924,300	162	157,091,613
<u>Training</u>						
Agricultural, forestry, veterinary and fishery	48	45,552,700	4	5,004,300	52	50,557,000
Industrial	125	128,586,094	11	10,755,300	136	139,341,394
Transport and communications	29	32,156,300	1	565,700	30	32,722,000
Secondary school teacher	28	34,607,900	1	1,492,500	29	36,100,400
Public administration and other	25	23,728,600	3	2,740,100	28	26,468,700
Sub-total	255	264,631,594	20	20,557,900	275	285,189,494
<u>Economic development planning</u>	15	29,903,800	-	--	15	29,903,800
TOTAL	727	723,248,370	54	48,950,200 ^{a/b/}	781	772,198,570

^{a/} Includes a supplementary earmarking of \$531,800 for regional project (Laos and Thailand): survey of minerals and mineral processing industries in the Lower Mekong River basin, a project approved at the sixth session of the Special Fund's Governing Council in May 1961. See document SF/R.3/Add.41.

^{b/} Includes a supplementary earmarking of \$680,300 for Haiti: land and water surveys in the Gonaives Plain and the North-west Department, a project approved at the seventh session of the Special Fund's Governing Council in January 1962. See document SF/R/4/Add.9.

Table 5
Distribution of projects by economic sector

Economic sector	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking	Number of projects	Earmarking	Number of projects	Earmarking
		(US dollars)		(US dollars)		(US dollars)
Agriculture						
Multi-purpose ^{a/}	57	62,688,985	3	4,079,200 ^{b/}	60	66,768,185
Land and water use	88	77,654,280	5	5,039,100 ^{b/}	93	82,693,380
Plant production and protection	21	22,458,700	3	2,698,200	24	25,156,900
Animal production and health	34	30,955,700	5	3,772,100	39	34,727,800
Rural institutions and services	9	6,606,975	1	930,600	10	7,537,575
Forestry	45	37,911,113	2	1,379,800	47	39,290,913
Fishing	17	19,063,600	2	1,805,500	19	20,869,100
Sub-total	271	257,339,353	21	19,704,500 ^{b/}	292	277,043,853
Industry						
General ^{a/}	94	87,241,394	7	7,266,700	101	94,508,094
Mining	56	49,513,300	2	2,675,200 ^{c/}	58	52,188,500
Other individual industries	50	47,614,600	3	1,234,100	53	48,848,700
Sub-total	200	184,369,294	12	11,176,000 ^{c/}	212	195,545,294
Public utilities						
Power	19	17,486,545	-	--	19	17,486,545
Transport	42	41,894,800	11	7,171,800	53	49,066,600
Communications	23	21,334,300	-	--	23	21,334,300
Water supply and sewerage	10	9,810,800	2	1,484,300	12	11,295,100
Sub-total	94	90,526,445	13	8,656,100	107	99,182,545
Housing, building and physical planning						
	12	11,248,800	2	2,198,200	14	13,447,000
Multi-sector						
General planning ^{d/}	11	22,113,725	-	--	11	22,113,725
River basin development	26	31,674,100	1	906,200	27	32,580,300
Other	7	8,422,153	1	1,336,000	8	9,758,153
Sub-total	44	62,209,978	2	2,242,200	46	64,452,178
Health and sanitation						
	6	4,032,200	-	--	6	4,032,200
Education^{d/}						
Teacher training (secondary)	28	34,607,900	1	1,492,500	29	36,100,400
Technical	20	23,087,200	2	2,584,200	22	25,671,400
University	20	26,298,800	-	--	20	26,298,800
Sub-total	68	83,993,900	3	4,076,700	71	88,070,600
Social welfare, public administration and other services						
	32	29,528,400	1	896,500	33	30,424,900
Total	727	723,248,370	54	48,950,200^{b/c/}	781	772,198,570

^{a/} Covers activities in more than one sub-sector.

^{b/} Includes an amount of \$680,300 for Haiti: land and water surveys in the Gonaives Plain and the North-west Department. See document SF/R.4/Add.9.

^{c/} Includes an amount of \$531,800 for regional project (Laos and Thailand): survey of minerals and mineral processing industries in the Lower Mekong River basin. See document SF/R.3/Add.41.

^{d/} Assistance to a specific sector or sub-sector is classified under the sector or sub-sector concerned.

Table 6

Distribution of projects by geographical region

Geographical region	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking	Number of projects	Earmarking	Number of projects	Earmarking
		(US dollars)		(US dollars)		(US dollars)
Africa	248	259,481,498	29	23,037,600	277	282,519,098
The Americas	194	190,150,588	7	9,320,700 ^{a/}	201	199,471,288
Asia and the Far East	182	179,042,813	11	9,749,900 ^{b/}	193	188,792,713
Middle East	53	41,657,084	4	3,135,200	57	44,792,284
Europe	49	49,050,387	3	3,706,800	52	52,757,187
Interregional	1	3,866,000	-	-	1	3,866,000
Total	727	723,248,370	54	48,950,200^{a/b/}	781	772,198,570

a/ Includes a supplementary earmarking of \$680,300 for Haiti: land and water surveys in the Gonaives Plain and the North-west Department. See document SF/R.4/Add.9.

b/ Includes a supplementary earmarking of \$531,800 for regional project (Laos and Thailand): survey of minerals and mineral processing industries in the Lower Mekong River basin. See document SF/R.3/Add.41.

137. The attention of the Governing Council was drawn to certain features of particular interest in the new programme:

(a) In the field of transportation, studies had increased in both number and scope (Brazil, Chile, Dahomey, Ghana, Malaysia, Mali, Mid-Western Nigeria, Tunisia and a regional project for Burundi and the United Republic of Tanzania). Included among these transport surveys are four projects (Brazil, Ghana, Mali and Tunisia) for which the use of preliminary operations had been approved at the third session of the Governing Council.

(b) Certain investigations on natural resources and their management are urgent in character, such as the projects aimed at strengthening existing ground-water services in Mali and Mauritania. A regional survey project for Algeria and Tunisia and a hydrological training project in Brazil would be undertaken within the framework of the objectives of the Hydrological Decade. Another project aims at developing the resources of Lake Volta in Ghana.

(c) In the field of agricultural development, supplementary assistance was proposed for demonstration activities to follow up a completed survey for the development of irrigated agriculture in Haiti, and special mention was made of studies in Madagascar and Morocco.

(d) The control of disease among livestock, improvement of animal health and more intensive production were the aims of projects to support existing units of the Near East Animal Health Institute in Lebanon and Iran, to establish a new unit in Jordan and to set up a co-ordination unit in Beirut.

(e) Improved agricultural production and processing were the subjects of projects in Panama, Mauritius, Rwanda and Niger, while the problems of crop protection and grain storage would be the subjects of research in West Africa and India, respectively. Improved utilization of fisheries resources, through both surveys and training, would be provided by projects in Somalia and Poland.

(f) In the field of mineral resources, supplementary assistance would complete a survey in the Lower Mekong basin in Laos, investigations would be carried out in three selected zones in the Sudan and assistance would be given to a national mineral and geological centre in Guinea.

(g) A project to develop the optimum use of agricultural machinery of the right type in Saudi Arabia reflected the fundamental importance of the problem of maintenance of imported and locally made machinery for transportation, mineral investigations, road building and agriculture. Research and training in the use of local materials would also be involved in the field of low cost housing in Togo and in Peru, while water supply and sewerage projects would be carried out in Uganda and Western Nigeria.

(h) The importance of training, from the most basic to the most advanced type, was reflected in projects aimed at improving management techniques in advanced conditions of production, as in Hungary, and at the level of small entrepreneurs, as in Ethiopia. Emphasis on the training of cadres for industry was

given in national training schemes in Tanzania, India and Kenya, and in support for the Higher Technical Institute in Nicosia, Cyprus, and a regional centre for industrial technical training in Guadalajara, Mexico. Specialized training for automotive personnel and deck personnel was the subject of the projects in East Pakistan and support for a foundry demonstration and service unit was proposed in Singapore.

(i) Upgrading the standards of agricultural education was the subject of projects in Colombia and Tunisia. A project to improve pre-service and in-service training for secondary school teachers in Kenya was also featured.

(j) In conclusion, it was noted that UNDP desired to provide a flexible response to the needs of developing countries to finance urgent work - intended to lay the groundwork for the optimal use of investment resources - and this fact was reflected in the inclusion in the programme of several feasibility studies and pilot demonstration projects which, in cost, were below the average UNDP (Special Fund) earmarking.

Participating and executing agency overhead costs

138. A tabular summary of overhead costs, by participating and executing agency, both for the present and previous programmes, as shown in table 7 below, was submitted to the Council.

Preparatory assistance

139. In addition to the valuable assistance provided by participating and executing agencies in the evaluation of requests, the Administrator sent preparatory assistance missions to help Governments in revising five of the requests recommended for approval at the fourth session of the Council, and called upon the services of consultants to supplement the normal appraisals in connexion with twenty-six requests.

Cancellation of projects

140. With the concurrence of the Governments concerned, the Administrator recommended to the Governing Council the cancellation of the following projects: Argentina (Institute of Urban and Regional Planning, Rosario) and Brazil (Survey of rock-salt deposits). Uncommitted earmarkings for these projects amounted to \$1,094,400 and the corresponding reserve for the Administrator's contingency authority to \$109,440.

141. It was noted that the Government of Liberia and the University of Liberia, in agreement with UNDP, had decided to merge the University's College of Agriculture and College of Forestry, each of which had been receiving UNDP (Special Fund) assistance under separate projects approved by the Special Fund's Governing Council at its fifth and eleventh sessions, respectively. To permit the amalgamation of the accounts for these two projects into one, the Administrator requested the approval of the Governing Council for the suppression of the original earmarking for the College of Forestry with a corresponding increase in the earmarking for the College of Agriculture.

Table 7

Participating and executing agency overhead costs

Participating and executing agency	Previous programmes		Present programme		Cumulative	
	Project costs <u>a/</u>	Participating and executing agency overhead costs	Project costs <u>a/</u>	Participating and executing agency overhead costs	Project costs <u>a/</u>	Participating and executing agency overhead costs
(United States dollars)						
United Nations	140,156,803	13,225,350	6,055,300	661,700	146,212,103	13,887,050
ILO	67,428,394	6,756,800	7,785,800	854,800	75,214,194	7,611,600
FAO	251,996,453	25,155,700	16,713,000	1,822,900	268,709,453	26,978,600
UNESCO	114,641,650	10,559,850	6,602,700	725,100	121,244,350	11,284,950
WHO	14,560,800	1,437,000	1,338,200	146,100	15,899,000	1,583,100
IBRD	26,115,675	518,295	6,180,100	64,500	32,295,775	582,795
ICAO	11,931,300	844,100	--	--	11,931,300	844,100
ITU	18,263,500	1,814,800	--	--	18,263,500	1,814,800
WMO	14,030,100	1,353,200	--	--	14,030,100	1,353,200
IAEA	2,246,100	212,500	--	--	2,246,100	212,500
<u>Total</u>	<u>661,370,775</u>	<u>61,877,595</u>	<u>44,675,100</u>	<u>4,275,100</u>	<u>706,045,875</u>	<u>66,152,695</u>

a/ Includes UNDP (Special Fund) direct costs.

Surrender of earmarkings for completed projects

142. Final allocations had been established for thirty projects whose financial accounts were closed as of 31 December 1966. In the case of seventeen of these projects, the allocations were lower than the Governing Council earmarkings by the amount of \$494,156. As a consequence, the earmarkings for these projects could be reduced by this amount and the contingency reserve reduced by a corresponding 10 per cent, or \$49,416.

Summary of discussion

143. In the course of the discussion on the programme recommendations, one representative stated that, while supporting the recommendations of the Administrator, he regretted that two important projects submitted several months prior to the fourth session of the Council by his Government had not been included in the recommended programme; he hoped that the necessary steps would be taken so that those projects could be submitted to the next session of the Council. Another member expressed reservations regarding the project recommended for Cyprus. Some representatives objected to UNDP assistance to the Republic of Korea. Another representative called attention to the fact that the Republic of Korea was eligible for assistance as a member of specialized agencies.

144. Some members referred to the document entitled "International assistance in basic science teaching and research at university level" (DP/SF/L.14), prepared by UNESCO. They expressed their agreement with the Administrator, who had confirmed his support of the conclusions contained in the paper, and they pointed out that the document had been favourably received by the Inter-Agency Consultative Board. They indicated that basic science teaching and research was an appropriate and promising field for UNDP assistance, and that projects of this type would fill a gap in the context of over-all development and of the United Nations Development Decade. The Administrator stated, at the conclusion of the general debate, that special emphasis would be placed on basic science teaching and research, within the limits of available resources and subject to the receipt of high priority projects from Governments.

Decisions of the Governing Council

145. The Council, subject to the observations and reservations expressed on some projects, decided:

- (a) To approve the proposed programme (see annex II below);
- (b) To earmark for each of the projects in annex II the sums shown in that annex under the heading "Governing Council earmarkings";
- (c) To authorize the Administrator to make the appropriate arrangements with Governments and participating and executing agencies for the execution of these projects;

(d) To earmark an additional \$3,916,001 (equivalent to 8 per cent of the total Governing Council earmarkings for the present programme) as a reserve for the Administrator's contingency authority;

(e) To cancel uncommitted earmarkings in the amount of \$1,094,400 and the corresponding reserve for the Administrator's contingency authority in the amount of \$109,440 for the projects recommended for cancellation in paragraph 140 above;

(f) As a consequence of the proposed amalgamation of the two Liberian projects outlined in paragraph 141 above, to approve the suppression of the earmarking of \$1,006,900 for the project entitled "College of Forestry, University of Liberia, Monrovia", with a corresponding increase in the original earmarking of \$546,000 for the project entitled "Agricultural Training and Research".

(g) To cancel unallocated earmarkings in the amount of \$194,156 and the corresponding reserve for the Administrator's contingency authority in the amount of \$49,416 for the projects referred to in paragraph 142 above, which were completed prior to 31 December 1966 (see annex II).

CHAPTER IV

RECOMMENDED PROGRAMME FOR INDONESIA (1967-1968) UNDER THE TECHNICAL ASSISTANCE COMPONENT OF UNDP

146. In his report to the Council (DP/TA/L.12), the Administrator recalled that at its ad hoc session held in November 1966, the Governing Council had decided:

"that an amount of \$2.5 million be set aside from 1967-1968 resources to permit the Administrator to negotiate a programme for Indonesia and to enter into commitments within that target figure, on the understanding that the programme will be submitted for formal review and approval by the Governing Council at its fourth regular session in June 1967;

"...

"to authorize the allocation to the participating organizations of up to \$1.25 million for the year 1967 in respect of the programme for Indonesia according to their respective shares in that programme." (E/4326, 13/ para. 2).

147. In accordance with that decision, the Administrator submitted a summary of the Category I programme for 1967-1968 under the Technical Assistance component of UNDP for approval by the Council at its current session.

148. In introducing the Administrator's report (DP/TA/L.12), the Co-Administrator described the visit he had made to Djakarta as head of a small UNDP mission in response to an urgent request from the Indonesian Government that UNDP activities be resumed in that country. He pointed out that the programme being recommended by the Administrator was based on the findings of that mission and of experts sent by participating and executing agencies. As the total value of the programme submitted amounted to \$2,264,100, which was less than the figure of \$2,500,000 approved by the Governing Council, it was recommended that the Administrator should be authorized by the Council to approve additional requests for assistance from the Government of Indonesia, as and when they were received, to an amount not exceeding \$235,900. It was to be noted that the proposed programme was an example of continuous programming in an experimental form and in the case of one particular country.

149. The Co-Administrator also pointed out that the Government of Indonesia had requested a waiver of local cost obligations, in view of the country's critical financial circumstances. The Administrator, after consulting the Inter-Agency Working Group on Administrative and Financial Matters, had approved that waiver for 1967. A further request for a waiver in 1968 might be submitted towards the end of 1967 in the light of the circumstances then prevailing.

13/ See Official Records of the Economic and Social Council, Forty-third Session, Annexes, agenda item 11.

Summary of discussion

150. The Council welcomed the resumption of UNDP activities in Indonesia and supported the Administrator's recommendations. One member expressed the view that the programme was a well balanced one which would make a significant contribution to Indonesia's development. Another representative, referring to the project entitled "Trade promotion and marketing" included in the programme, recalled that that project had originated in work done in co-operation between the Indonesian Government and GATT. He hoped that its history would be taken into account by the United Nations as the executing agency. A third member expressed the hope that in the execution of the programme, appropriate use would be made of experts from South-East Asia. Several representatives emphasized the urgency of the Technical Assistance programme for Indonesia and hoped that it would be possible to complete successive stages with the same speed with which the proposed programme had been submitted. Two members wondered why the project entitled "Industrial development and productivity" was listed with two executing agencies, namely, the United Nations and UNIDO and not with UNIDO alone. Still another representative particularly appreciated the fact that UNIDO, in whose establishment Indonesia had played an active part, was to be associated with the programme for that country. Finally, one member inquired about the use of fellowships rather than experts in connexion with one project, the choice of executing agency in connexion with another project and pointed out that only one project took the form of a workshop, which, in that member's view, was one of the best ways of utilizing the experience gained from joint studies by groups of fellows.

151. Replying to the various points raised, the Co-Administrator expressed appreciation for the support which had been indicated for approval by the Administrator of additional requests. He stated that the combined reference to two executing agencies in the case of the project entitled "Industrial development and productivity" did not mean that it was a joint effort, but that it was in a transitional phase and that responsibility for it would be transferred from the United Nations to UNIDO when the latter so requested. With regard to the use of experts from South-East Asia, he was glad to inform the Council that experts already in Indonesia included nationals of Australia, India, Japan and Pakistan. He reminded the Council that the programme represented the present state of priorities established by the Indonesian Government and that other projects might be submitted at a later stage. Several projects in the social field, for example, were under active consideration by the Government. So far as the choice between fellowships and experts was concerned, the Government had in that particular case expressed a specific desire for fellowships.

Decision of the Governing Council

152. The Council approved the 1967-1968 Category I programme for Indonesia as set out in the report of the Administrator (DP/TA/L.12), requested the latter to implement that programme and authorized him to approve additional requests for assistance from the Government of Indonesia as and when they were received, to an amount not exceeding \$235,900.

CHAPTER V

ADMINISTRATIVE AND FINANCIAL MATTERS

153. Under item 7 of its agenda, the Governing Council considered:

(a) A comprehensive report by the Administrator on the financial position of UNDP as at 31 December 1966 (DP/L.46 and Add.1);

(b) A report by the Administrator on the use of the revolving fund to 30 April 1967 (DP/L.47); recommendations for future arrangements for the use of the revolving fund in preliminary operations (DP/L.44); and proposals for preliminary operations on six new projects (DP/L.44/Add.1);

(c) A note by the Administrator on proposed revisions of the UNDP (Special Fund) Financial Regulations (DP/SF/L.12) and the relevant comments of the Advisory Committee on Administrative and Budgetary Questions (DP/SF/L.12/Add.1);

(d) The statements, as at 30 April 1967, of contributions pledged and paid to the Special Fund component for the year 1967 (DP/SF/C/L.25), and of contributions outstanding for the years 1959, 1960, 1962, 1963, 1964, 1965 and 1966 (DP/SF/C/L.26); and the statements as at 30 April 1967, of contributions pledged and paid to the Technical Assistance component for the year 1967 (DP/TA/C/L.25), and of contributions outstanding for the years 1957, 1958, 1959, 1963, 1964, 1965 and 1966 (DP/TA/C/L.26);

(e) A study by the Administrator of future Special Fund contingency reserve requirements (DP/SF/L.13);

(f) A progress report on the study of future needs for pre-investment activity in relation to the administrative capacity of the United Nations system to programme and implement such activities; and ways of maintaining the activities of UNDP at least at their present level, and of increasing its financial resources (DP/L.48 and Add.1);

(g) Cash advance to UNESCO.

Summary of discussion

(a) Comprehensive statement on the financial position of UNDP as at 31 December 1966

154. Members of the Council welcomed the comprehensive statement of the financial position of UNDP (DP/L.46 and Add.1), which had been prepared on the basis proposed by several delegations at previous sessions. The document was considered a useful source of information for members who wished to follow closely the progress of UNDP activities and it was requested that a similar report be submitted annually to the Governing Council. With regard to possible improvements which could be considered in the preparation of subsequent reports, one member referred

to the usefulness of any forecasts of future levels of income and operational activity which might be possible. Another member, noting the importance of the continuing efforts of the secretariat to ensure the full utilization of the currency resources of UNDP, suggested that future financial reports to the Governing Council should include information on currency utilization, with special reference to the usage of non-convertible currencies.

155. At the conclusion of the debate, the Governing Council took note of the report on the financial position of UNDP as at 31 December 1966.

(b) Report on the revolving fund

156. The Governing Council had before it three reports on the revolving fund. The first (DP/L.47) was a financial and statistical report on the uses made of each of the three elements of the revolving fund for the year 1966 and up to 30 April 1967.

157. In the course of the Council's consideration of the report, reservations were expressed by the representatives of the USSR and Poland on technical assistance recorded as having been provided on a contingency basis to Rhodesia, Portugal and Thailand. The Co-Administrator informed the Council that the report was inaccurately worded; the assistance for Rhodesia should more accurately have been characterized as assistance to the United Kingdom for Rhodesian refugees. He also indicated that the assistance to Portugal had been approved in 1966 before General Assembly decisions relating to Portugal had been taken. With regard to the reservations concerning assistance to Thailand, the representatives of Thailand and the United States took exception to the injection of political considerations into the discussion of technical assistance activities.

158. In regard to the other activities covered in the report, one member of the Council observed that three European countries were among the recipients of the largest amounts of technical assistance on a contingency basis and reminded the Council of the relevance of the request, under item 5 of the agenda, for a report on criteria governing selection of projects, to the Technical Assistance component, including projects financed thereunder on a contingency basis.

159. At the conclusion of the discussion, the Governing Council took note of the report on the revolving fund.

160. The Governing Council also considered, under this item, the Administrator's report on proposed future arrangements for preliminary operations financed from the revolving fund (DP/L.44) and his proposals for advance approval by the Council of preliminary operations for six new projects (DP/44/Add.1). The question of preliminary operations was referred to by several members in the course of the informal meetings and in the general debate, as well as in the discussion of item 7 (b). Some members indicated that they remained unconvinced as to the real need for preliminary operations as a separate procedure. The projects for which preliminary operations were approved by the Governing Council in January 1967 and those proposed for consideration at the current session did not all, in their view, contain prima facie evidence of the elements of urgency because of seasonal factors or the imminent availability of investment capital, which had been advanced as the

justification for the preliminary operations procedure. In future, the Administrator's recommendations should, they believed, contain more information on the justification for the preliminary operations procedure, indicating the nature of the urgency of the case and the date at which the original request was received from the Government concerned; moreover, such proposals should be made only when no other source of financing was available to the Administrator, and they should indicate that this was the case. In addition, a number of members requested that an effort be made to circulate future proposals for preliminary operations well in advance of the meetings at which they were to be considered.

161. At the conclusion of its consideration of this item, the Governing Council decided to continue, for a further experimental period of one year, the current arrangements for preliminary operations.

162. The Governing Council also approved the Administrator's proposals (DP/L.44/Add.1) with respect to preliminary operations for the following projects:

BOTSWANA	- Pre-investment survey of the Shashi River water, power and minerals scheme	- \$125,000
CAMEROON	- Primary teacher training	- \$175,000
CEYLON	- Economic programming and planning	- \$275,000
PHILIPPINES	- Strengthening agricultural training at the Central Luzon State University	- \$109,800
TURKEY	- Pilot industrial estate at Gaziantep	- \$ 63,000
REGIONAL	(Guinea, Mali, Mauritania and Senegal) - Agricultural research in the Senegal River Basin	- \$200,000

The representative of the USSR reserved his Government's position on preliminary operations for the project for strengthening agricultural training at the Central Luzon State University, in the Philippines.

(c) Revision of UNDP (Special Fund) Financial Regulations

163. The Governing Council considered the proposed revisions in the Financial Regulations of the Special Fund component (DP/SF/L.12), and noted that certain of the proposed revisions had been before the Council at its third session, when it was decided to defer action until the current session. ^{14/} The Council noted that the Controller and the Legal Counsel of the United Nations had concurred in the proposed revisions, and that the United Nations external auditors and the

^{14/} Ibid., Forty-third Session, Supplement No. 6 (E/4297), para. 118.

Advisory Committee on Administrative and Budgetary Questions had been consulted and had offered no objections to them. One member drew the attention of the Governing Council to the comments of the Advisory Committee (DP/SF/L.12/Add.1), with special reference to the two basic principles which the Committee hoped that the Governing Council would bear in mind, namely that:

- (i) The Financial Regulations should not be the subject of frequent revisions designed to meet what might prove to be ephemeral considerations;
- (ii) The final aim of all revisions should be the full rationalization and harmonization of the financial regulations governing the two components of UNDP.

164. At the conclusion of the discussion, the Governing Council approved the proposed revisions in the Financial Regulations of UNDP (Special Fund) with the proviso that the revisions relating to preliminary operations under the revolving fund would be subject to review after one year on the completion of the experimental arrangements governing preliminary operations. The revisions of the Financial Regulations as approved are attached to the present report as annex III.

(d) Estimates of resources

(e) Special Fund contingency reserve requirements

165. Under item 7 (d) (i), the Governing Council took note of the information on the status of contributions to UNDP as at 30 April 1967 (DP/SF/C/L.25 and L.26; DP/TA/C/L.25 and L.26).

166. Under item 7 (d) (ii), the Governing Council considered the Administrator's study of future Special Fund contingency reserve requirements (DP/SF/L.13), which was prepared in response to the Council's request made at its third session. In the report, the Administrator had analysed the past use of the contingency reserve and, after taking account of estimated future requirements, had concluded that the reserve could safely be reduced with retroactive effect to 8 per cent of project earmarkings.

167. Members of the Council welcomed the Administrator's report and were gratified that the measures proposed by the Administrator would release approximately \$14.4 million from the reserve to general resources, which would thus become available for earmarking to projects.

168. At the conclusion of its discussion, the Governing Council decided to approve the recommendations of the Administrator that:

- (a) The level of earmarkings for the contingency reserve be reduced retroactively from 10 per cent to 8 per cent of project earmarkings;

(b) The level of earmarkings for the contingency reserve be established at 8 per cent for programmes to be recommended to the Governing Council at its fifth and sixth sessions;

(c) The level of future contingency earmarkings be reviewed again at the Council's sixth session in June 1968 in the light of actual experience up to 31 December 1967.

169. The Council also decided to establish the earmarkings for the contingency reserve in respect of the Special Fund programme approved at the current session (see paragraph 145 (d) above) at \$3,916,001, this being 8 per cent of the approved project earmarkings.

(f) Progress report on the study of future needs for pre-investment activity and ways of maintaining the activities of UNDP at least at their present level, and of increasing its financial resources

170. The Council decided to consider together agenda items 4 (c) (iii) and 7 (d) (iii). One member, in pointing out that the progress report submitted by the Administrator under the first item (DP/L.48 and Add.1) was not entirely relevant to the second, requested information on the action taken in response to suggestions made at the third session of the Council in connexion with increasing the programme's resources. Specifically, he wished to know whether the Administrator had approached the Secretary-General of the United Nations on the possibility of a direct appeal by him to some or all Governments of Member States. In replying, the Administrator stated that in view of the various other heavy demands on the Secretary-General, it was considered that efforts to increase the level of resources available to the Programme were best made by the participants in UNDP - its Administration and the members of the Council - but that the Secretary-General's views on the matter, for instance his proposal for the annual target of \$350 million to be reached by the year 1970, had been and should be quoted by the Administration in its efforts to increase resources.

171. Referring to paragraph 14 of the progress report on the study of future needs for pre-investment in relation to the administrative capacity of the United Nations system to programme and implement such activities (DP/L.48/Add.1) one member hoped that when dealing with the absorptive capacity for pre-investment and technical assistance of recipient Governments, the study should not overlook the important preparatory and supporting role of associated aid, including the work of bilateral programmes. He also felt that the study could appropriately include the views of the Administrator as to modifications of counterpart requirements that might be made to take more account of varied national capacities to provide counterpart resources. Another member found the progress report encouraging and interesting and felt that it contained more information than could have been expected of such a report, while a third member emphasized the complexity of the task which arose from the large number of variables that had to be taken into account. Adoption of the right methodology was most important to the success of such an analysis, and it was to be hoped that the resulting study, whose conclusions would be of considerable long-term importance, should not be unduly hurried.

172. In summing up, the Administrator stated that discussions being held with the agencies in connexion with this study promised to produce a valuable basis for judging the workload to which the Programme must gear itself in the immediate future. The Administrator felt that, in making such projections, an imaginative and dynamic approach to new needs and challenges was called for from both the agencies and the UNDP Administration.

(g) Cash advance to UNESCO

173. The Council considered a proposal by the Administrator to advance to UNESCO \$1 million to assist in the financing of the construction of an additional building at UNESCO headquarters. A brief discussion was held, in the course of which various representatives expressed reservations; one of them thought that a way of assisting UNESCO could be worked out between the Director-General of that organization and the Administrator. On the understanding that the approval of the Administrator's proposal would not create any precedent and that the rate of interest would be the average rate obtained on UNDP investments in general, namely 5 3/8 per cent, the Council agreed with the recommendation of the Administrator.

CHAPTER VI

UNITED NATIONS PROGRAMMES OF TECHNICAL CO-OPERATION

174. Under item 8 of its agenda, the Governing Council considered the annual report of the Secretary-General (DP/RP/3) which provided a summary of the main developments in United Nations technical co-operation activities for 1966, and also statistical material relating to those activities (DP/RP/3/Add.1 and Corr.1). In addition, the Council had before it the details of programme proposals for 1968 to be financed from the regular United Nations budget (DP/RP/3/Add.2 and Corr.1); the Secretary-General's related budget request for part V (Technical programmes) of the 1968 budget estimates (DP/RP/3/Add.3); and the Secretary-General's reports on programme recommendations emanating from other bodies which could affect the use of technical assistance resources (DP/RP/3/Add.4 and 5). This material was supplemented by statements made at the 78th meeting by the Commissioner for Technical Co-operation and the Associate Commissioner. 15/

Review of 1966 activities

Secretary-General's report

175. Obligations against field operations in 1966 reached the level of \$40.5 million including activities under the regular programme, the Technical Assistance and Special Fund components of UNDP and funds-in-trust arrangements. This compared with \$34 million in 1965 and \$32.9 million in 1964. The rise from year to year was mainly attributable to increased expenditure on Special Fund projects for which the United Nations was the designated executing agency.

176. The percentage distribution of the 1966 total by major fields of activity was: economic development, 78.8 per cent; social development, 13.7 per cent; public administration, 6.8 per cent; and human rights and narcotic drugs control, less than 1 per cent. This distribution showed an increase of slightly less than 2 per cent over 1965 in economic development, with corresponding decreases in social development and public administration. Within the regular programme only, 48.5 per cent was expended on economic development, 31.1 per cent on social development, 16.4 per cent on public administration, and 4.0 per cent on human rights advisory services and narcotic drugs control. Expenditure on social development rose by one-half of 1 per cent over 1965, with offsetting reductions in economic development and public administration.

177. In a comparison of activities (excluding Special Fund operations) by geographic region between the recently completed biennium and that immediately preceding it, each region received additional assistance in 1965-1966 in dollar terms, while decreases in percentage shares of total resources utilized occurred in Africa, Asia and the Far East and Europe.

15/ The text of the Commissioner's statement was distributed as document DP/RP/L.5.

178. Within the total activities of the United Nations, experts coming from 93 countries served on 2,577 assignments. Of the total assignments, 1,578 were of a long-term nature with 999 of short duration (less than one year). Newly appointed experts in 1966 totalled 1,340 from 82 countries. Of these, 562 were given long-term assignments. One thousand seven hundred and nine individual fellowships were awarded to nationals of 118 countries and territories for study in 71 different countries. In addition, 899 individuals from 117 countries and territories participated in various United Nations group training programmes with 32 Governments providing host facilities.

Summary of discussion

General observations

179. There was a general expression of appreciation of the report and the related material submitted by the Secretary-General and the supplementary information provided by the Commissioner for Technical Co-operation and the Associate Commissioner. Satisfaction was expressed regarding the comprehensiveness of the report, which met the requests made at the previous sessions of the Governing Council, with some delegations suggesting further developments to make it even more comprehensive. It was noted by several delegations that the United Nations programmes of technical co-operation which had achieved a level of \$40 million, were deserving of greater attention than had heretofore been given by the Governing Council. The thought was expressed that the item on the United Nations regular programme should have a more suitable place on the Council agenda to allow for fuller discussion of the subject.

180. There was general agreement that the technical co-operation activities coming within the Secretary-General's authority were important and useful. One delegation remarked that the United Nations Secretariat appeared not to take sufficient initiative in making adequate use of its country's contribution, thereby depriving developing countries of human and other resources that could be made available. Two delegations expressed the opinion that countries with a high level of development should refrain from seeking assistance, so as to husband the limited resources available.

Regular programme

181. A large number of delegations discussed the usefulness of the regular programme, which continues to meet many of the needs of the recipient Governments. Certain delegations stated their continuing view that technical assistance activities should not be financed under the regular budget of the United Nations. Others spoke of the complementary nature of the regular programme vis-à-vis the Technical Assistance and Special Fund components of UNDP. One delegation suggested further harmonization of the rules and procedures of the regular programme with those governing the Technical Assistance component of UNDP.

182. Speaking of the distribution by major fields of activity of the 1966 delivered programme and the 1968 programme proposals, several delegations expressed concern regarding the low level of programmes in the fields of social development and public administration. Many delegations stressed the fact that it would be proper to give greater emphasis to the social aspects of economic development projects. Two delegations indicated dissatisfaction with the level of the programme devoted to the field of trade promotion and marketing. The Commissioner for Technical Co-operation pointed out that the volume of the programme in any specific field of activity reflected the priorities assigned by Governments to assistance requested in the fields concerned. He would, however, bring these comments to the attention of recipient Governments in future programming exercises. Comments were made by a few members concerning the desirability of raising the level of funds made available by the General Assembly for human rights advisory services.

183. That portion of the Secretary-General's report which dealt with regional and inter-regional advisers was discussed by many delegations. It was recognized that these advisers played an active and useful role in the technical assistance activities of the United Nations. One delegation put forward the suggestion that the evaluation teams being sent into the field during 1967 should examine the work accomplished by regional and inter-regional advisers in the countries they are scheduled to visit. Another delegation indicated that the visits paid by regional and inter-regional advisers to recipient countries at their request were perhaps of too short duration; the possibility of longer-term assignments needed to be looked into. Another delegation suggested that in a future report some further descriptive material on the function of the regional and inter-regional advisers be provided. One member suggested that the possibility be explored of attaching the regional advisers to the offices of selected resident representatives in order to strengthen the programming at the national level; if this were done, there would be no need to consider an increase in the budgetary appropriation for the regular programme.

184. A number of delegations discussed the adoption by the Industrial Development Board on 4 May 1967, at its first session, of resolution 2 (I) recommending the General Assembly at its twenty-second session to take appropriate action to:

- "(a) Establish a separate section in part V of the budget of the United Nations to provide for the programme of technical assistance in industrial development at an appropriate level commensurate with the expanding requirements of the developing countries;
- "(b) Amend General Assembly resolution 2029 (XX) of 22 November 1965 so as to enable the Industrial Development Board to consider and approve projects and programmes in the field of industrial development undertaken through the utilization of the resources thus appropriated, and to provide general policy guidance and direction with reference to the utilization of these resources." ^{16/}

^{16/} See Official Records of the General Assembly, Twenty-second Session, Supplement No. 15 (A/6715/Rev.1), annex VIII.

These delegations felt that both the proposed fragmenting of the regular programme appropriation and the removal from the jurisdiction of the Governing Council of a portion of the United Nations regular programme were undesirable.

Programme levels for 1968 and 1969

185. In 1966 the Governing Council recommended, and the Economic and Social Council endorsed, \$6.4 million as the level of appropriations for the regular programme of United Nations technical co-operation for 1967 and authorized the Secretary-General to take \$6.4 million as a working level for planning the 1968 United Nations regular programme and for incorporation in the 1968 budget estimates as the provisional budget request under part V. The detailed programme proposals within that level were presented to the Governing Council (DP/RP/3/Add.2), together with the text of the Secretary-General's initial estimates for part V (Technical programmes) of the 1968 budget (DP/RP/3/Add.3).

186. The distribution of the proposed programme by major fields of activity was as follows:

	<u>US dollars</u>
Economic development ^{17/}	3,560,900
Social development	1,669,800
Public administration	874,300
Human Rights	220,000
Narcotic drugs control	75,000
Total	<u>6,400,000</u>

187. This distribution was provisional in the sense that programme revisions requested by countries or by the regional economic commissions in respect of regional projects might have the effect of changing the distribution as between economic development, social development and public administration. The amounts for human rights advisory services and narcotic drugs control were, however, governed by ceilings established by the General Assembly at \$220,000 and \$75,000 respectively.

188. Many delegations discussed the level of the United Nations regular budget contribution to technical co-operation, most of them noting the rise in the cost of expert services, fellowships and equipment since the level had been stabilized at \$6.4 million in 1962, also the large volume of requests by Governments which could not be met within the existing limits. Those who favoured the maintenance of the existing level pointed out the relationship of the regular programme to the

^{17/} Including \$991,400 for industrial development.

two components of UNDP and stated their conviction that most urgent additional requirements of Governments could be met from these other resources. Some delegations favouring the retention of the existing level also reminded the Council of their basic position that all technical co-operation activities of the United Nations should be financed from voluntary sources.

189. Those favouring an increase in the level of appropriations under part V of the budget noted that the rise in costs since 1962 had effectively reduced by about 20 per cent the advisory services, fellowships, and other programmes delivered and that it was more appropriate to speak of a "constant" level of services to the developing countries, rather than a stabilized appropriation level. Others noted that the percentage of the United Nations budget devoted to technical co-operation had dropped from 7.8 per cent in 1962 to 5.3 per cent in 1966.

190. A number of delegations drew attention to the importance of supplementing UNDP resources in such fields as social development, public administration, and human rights, which did not always command the priority they deserved in the "market-place" of competition for UNDP projects. Others pointed to the role which the regular programme played in providing the regional economic commissions with the tools for providing operational assistance (in the form of regional seminars, study tours and training courses, as well as the sending of **regicral** advisers to individual countries) to their members. It was noted also that a number of the functional commissions and committees of the Economic and Social Council had recommended new or increased advisory services which would require a higher level of appropriations in future years.

191. The Council considered that the proposed programme for 1968 should be approved and that a sum of \$6,400,000 should be appropriated by the General Assembly in the 1968 budget for technical co-operation. Some delegations expressed the hope that this amount would be increased by the General Assembly.

192. The Council did not reach agreement on the level for future years. A number of delegations stated that further information would be needed to make a recommendation to the General Assembly on the precise level for the future. It was agreed that the Council would consider further at its fifth session the planning level of the regular programme for 1969 on the basis of a special report of the Secretary-General on an appropriate level of the regular programme and its relationship to other elements of UNDP.

Decisions of the Council

193. At the conclusion of its consideration of the United Nations programmes of technical co-operation, the Council took the following action:

(a) The Council took note of the statement by the Commissioner for Technical Co-operation (DP/RP/L.5);

(b) The Council took note with appreciation of the report of the Secretary-General on the United Nations programmes of technical co-operation carried out in 1966 (DP/RP/3 and Add.1 and Corr.1).

(c) The Council approved the regular programme for 1968 as set out in the report of the Secretary-General (DP/RP/3/Add.2 and Corr.1); opposition was expressed by various members regarding the projects for Israel, the Republic of Korea, the Philippines, Thailand and the Republic of Viet-Nam;

(d) The Council took note of the programme recommendations emanating from committees and commissions of the Economic and Social Council and arising from actions taken by other United Nations bodies (DP/RP/3/Add.4), of the statement made by the Associate Commissioner for Technical Co-operation at the 78th meeting on action taken by the Economic and Social Council at its forty-second session on these recommendations, and of actions taken by organs of UNCTAD (DP/RP/3/Add.5);

(e) With respect to the level of the regular programme for 1968 and 1969 the Council:

- (i) Recommended a level of appropriation of \$6.4 million proposed for that part of the United Nations 1968 operational activities which are covered by the regular budget;
- (ii) Postponed its decision on the planning level for 1969 and future years until it has considered a new report by the Secretary-General on this subject at its fifth session in January 1968;
- (iii) Approved the draft resolution prepared by the Secretary-General for submission to the Economic and Social Council (see annex V to this report).

CHAPTER VII

INFORMATION PAPERS ON THE REGULAR PROGRAMMES OF TECHNICAL ASSISTANCE IN 1966 OF THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY

194. Under item 9 of its agenda, the Governing Council had before it, in accordance with its request to be kept informed of the size and composition of regular programmes of technical assistance of the specialized agencies and IAEA, ^{18/} summary statements submitted by the ILO, FAO, UNESCO, WHO, WMO and IAEA (DP/L.45 and Corr.1). The document also contained statements by UNICEF and IBRD on programmes of a similar nature.

195. Two members observed that the document before the Council contained interesting statements submitted by the agencies and was a useful first step in providing the Council with general accounts of their regular programme activities. Against this background a better evaluation of UNDP activities could be made, which could both assist in the co-ordination of the various activities of the United Nations family and enable UNDP to concentrate on more strategic targets. With regard to the manner of presentation of material by different agencies, they preferred that which was followed in the IBRD statement, which recorded the costs of individual projects and details of assistance by country and made possible a comparison with UNDP activities. They hoped, moreover, that in future information documents on the agencies' regular programmes of technical assistance more attention would be paid to the comparability of agencies' annual programmes and that the effect of inter-agency co-operation would be shown more clearly; such additional information could only help to bring about further co-ordination and harmonization of programmes.

196. The Council took note of the information on the regular programmes of technical assistance in 1966 of the specialized agencies and IAEA (DP/L.45 and Corr.1).

^{18/} See Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 11 A (E/4219), paras. 166-169.

CHAPTER VIII

DATE AND PROVISIONAL AGENDA OF THE FIFTH REGULAR SESSION

197. The Governing Council decided to convene its fifth regular session at United Nations Headquarters on 9 January 1968.

198. At its 81st meeting the Council in accordance with rule 8 of the rules of procedure and under item 10 of its agenda, considered the draft provisional agenda for the fifth session.

199. The draft provisional agenda which was before the Council for consideration read as follows:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Review of the activities of UNDP:
 - (a) Exchange of views between the Council and the Administrator on matters relating to UNDP activities;
 - (b) General debate (statements by the Administrator and members of the Council on issues before the Council).
5. Programme matters:
 - (a) UNDP (Special Fund) programme recommendations of the Administrator:
 - (i) Consideration of individual projects of the UNDP (Special Fund) programme in private meetings;
 - (ii) Consideration and approval of UNDP (Special Fund) programme recommendations;
 - (iii) Proposals for preliminary operations;
 - (b) Criteria for:
 - (i) Determining eligibility for UNDP assistance;
 - (ii) Selection of projects;
 - (iii) Financing of projects;
 - (c) Criteria for and operation of pilot and demonstration projects;
 - (d) Steps taken to promote investment follow-up.

6. Programme of the Technical Assistance component for 1969:
 - (a) Approval of the initial estimates of resources for 1969 and the distribution of resources;
 - (b) Approval of country and regional project targets for 1969 and the three following years.
7. Financial matters:
 - (a) Contributions;
 - (b) Status of the revolving fund;
 - (c) Revision of the Financial Regulations (to reflect decisions of the Council on Technical Assistance component programming procedures);
 - (d) Report on awards of sub-contracts and major equipment purchases;
 - (e) Audit reports.
8. Budget estimates for the administrative and programme support services of the UNDP for the year 1968.
9. Future needs for pre-investment activity in relation to the administrative capacity of the United Nations system to programme and implement such activities.
10. The question of recruitment.
11. United Nations regular programme of technical co-operation and United Nations participation in UNDP.
12. Operational assistance under the Technical Assistance component (see DP/TA/L.11, para. 5).
13. Use of the special industrial services trust fund.
14. Information paper on action taken in 1967 by organs of the United Nations and related agencies on matters relating to UNDP.
15. Provisional agenda for the sixth regular session of the Governing Council (rule 8 of the rules of procedure).
16. Date of the sixth regular session.
17. Other matters.
18. Draft report of the Governing Council to the Economic and Social Council at its forty-fifth session.

200. After an exchange of views on a number of procedural issues concerned in particular with the practice of **general** debate and private meetings, the Council agreed that some of the items shown in the draft provisional agenda in paragraph 199 above could be rearranged or regrouped as follows:

- Item 4 would be changed to read:

"4. Exchange of views between the Council and the Administrator on matters relating to UNDP activities";

- Item 5 (b), (c) and (d) would form a separate item under the heading "Policy matters";
- Items 6, 11 and 12 would be grouped under one single item;
- Items 7 (d) and 10 would be grouped under a new item;
- Item 13 would be postponed until the June 1968 session.

201. The Council agreed that, in the light of these observations, made at the 81st meeting in the course of the discussion of item 10, the Administrator would issue a revised provisional agenda.

CHAPTER IX

OTHER MATTERS

202. The Co-Administrator informed the Council that, following the notification on 2 November 1966 by the Government of Indonesia of its wish to resume its participation in the Fund of the United Nations for the Development of West Irian, the Secretary-General asked the Administrator of UNDP, on 6 February 1966, to assume full responsibility for the Fund's operations. These are to be carried out as far as practicable under the terms of a memorandum establishing the Fund, which was accepted in the November 1963 communications to the Secretary-General by the Governments of the Netherlands and Indonesia, after suitable adaptation to reflect changed circumstances. The Fund's operations will be conducted on lines generally similar to those of other UNDP activities. A senior officer of the UNDP staff has been appointed as Executive Secretary of the Fund, under the policy guidance of the Co-Administrator. The Co-Administrator stated that, while this Fund does not involve the use of UNDP financial resources, the Administrator is confident that the Governing Council would like to be kept periodically informed of the progress of this aspect of the UNDP secretariat's activity.

203. In view of the Governing Council's decision to hold its next regular session in the month of January 1968, the Council authorized the Administrator to maintain during the first part of January 1968 a rate of expenditure in respect of the administrative budget of UNDP at a level not to exceed that approved for 1967, pending approval by the Governing Council, at its next regular session, of the administrative budget for 1968.

ANNEXES

ANNEX I

List of delegations

MEMBERS OF THE GOVERNING COUNCIL

Algeria

Mr. Hocine Djoudi,* Mr. Rachid Hannouz**

Australia

Mr. P.N. Hutton,* Mr. J.A. Benson**

Belgium

Mr. Jules Woulbroun,* Mr. Constant Clerckx,** Mr. Willy Bittremieux,**
Mrs. Sonja Gerlo-Van Loey,*** Mr. Victor de Meyer***

Brazil

Mr. Ronato Bayma Denys*

Bulgaria

Mr. Christo Vladov (Second Vice-President),* Mr. Youri Tzarvoulanov**

Burma

U Saw Hlaing*

Cameroon

Mr. Henri Djengue-Ndoumbe*

Canada

Mr. Denis Hudon,*^{a/} Mr. D. Bignell,*^{a/} Mr. R.W. MacLaren,** Mr. R. Lucas***

Ceylon

Mr. R.C.S. Koelmeyer,* Mr. M.W. Perera***

* Representative.

** Alternate Representative.

*** Adviser.

^{a/} Mr. Denis Hudon was the representative until 9 June and Mr. D. Bignell from 12 June until the end of the session.

Chile

Mr. Hugo Cubillos,* Mr. Carlos de Costa-Nora**

Congo (Democratic Republic of)

H.E. Mr. Théodore Idzumbuir,* Mr. Bernard Louya**

Denmark

Mr. Bjørn Olsen,* Mr. Mogens K. Isaksen**

Federal Republic of Germany

Mr. Wilhelm-Günther von Heyden,* Dr. Heinrich Sartorius,**
Mr. Eberhard Hoepfner***

France

Mr. Maurice Viaud,* Mr. Jean-Xavier Clement,*** Mr. André Lewin,***
Mr. Daniel George,*** Mr. Jean Bidault,*** Mr. P. Mutter***

India

Mr. N. Krishnan,* Mr. G.V. Ramakrishna,** Mr. I.S. Chadha (Rapporteur)**

Iraq

H.E. Dr. Mustafa Kamil Yasseen,* Mr. Munir Al-Malaika,** Dr. Iqbal Al Flouji,**
Dr. Wahbi Al Qaraqhouli,** Mrs. Bedia Afnan,** Mr. Talal Al Pachachi**

Italy

Mr. Mario Franzi,* Miss Maria A. Cao Pinna,** Mr. Franco Ponti,***
Mr. Mario Piacitelli,*** Miss L. Fernanda Forcignano,***
Mr. Gian Luigi Pasquinelli***

Jamaica

Mr. P.W. Aitken*

Japan

Mr. Sashichiro Matsui,* Mr. Eiichi Uchida,*** Mr. Chusei Yamada,***
Mr. Kunio Muraoka***

Kenya

H.E. Mr. Burudi Nabwera,* Mr. Francis W. Muraya**

Liberia

Dr. Cyril Bright,* Mr. Martinus L. Johnson**

-
- * Representative.
** Alternate Representative.
*** Adviser.

Netherlands

Mr. J.H. Lubbers,* Mr. A. van der Goot,** Mr. A.P.R. Jacobovits de Szeged***

Norway

H.E. Mr. Johan Cappelen,* Mr. R.K. Andresen,* Mr. T.P. Svennevig**

Paraguay

Peru

Mr. Felip Solari-Swayne*

Poland

Mr. Antoni Czarkowski,* Mr. Kazimierz Szablewski,** Mr. Witold Zaremba***

Senegal

H.E. Ousmane Socé Diop,* Mr. Charles Delgado*

Sweden

Mr. Ernst Michanek,* Mr. Sixten Heppling,** Mr. Ragnar Dromberg,***
Mr. Lars Wettergren,*** Mr. Thorbjörn Carlsson,*** Mr. Göran Engblom***

Switzerland

Mr. Sigismond Marcuard,* Mr. Richard Pestalozzi,** H.E. Mr. René Keller,***
Mr. Charles Steinhäuslin,*** Mr. Anton Hegner,*** Mr. Jean-Daniel Vermeil***

Thailand

H.E. Mr. Cheed Sreshthaputra,* Mr. Pradeep Sochiratna**

Tunisia

H.E. Mr. Taïeb Slim (President), Mr. Ahmed Chtourou,* Mr. Hichem Ayoub,**
Mr. Toufir Largui**

Turkey

Mr. Rahmi Gümrukçüoğlu,* Dr. Uner Kirdar,** Mr. Aksit Kayalar,***
Mr. Erten Kayalibay***

Union of Soviet Socialist Republics

H.E. Mr. D.D. Degtiar,* Mr. A.P. Kovalev,** Mr. I.A. Gritsounov,**
Mr. M.M. Tarasov,** Miss L.M. Golubeva***

United Kingdom of Great Britain and Northern Ireland

Mr. S. Fryer,* Mr. A.N. MacCleary,** Mr. D.J. Easton,*** Miss Lucy Deas***

-
- * Representative.
 - ** Alternate Representative.
 - *** Adviser.

United States of America

H.E. Mr. Arthur Goldschmidt,* Mr. Clarence I. Blau,** Mr. Jerrold I. Berke,***
Mr. John J. Harter,*** Mr. Alexander Macdonald Keith,***
Mr. Robert Wilson Kitchen, Jr.,*** Mr. John L. Washburn,*** Mr. Paul Williams***

Venezuela

H.E. Dr. Manuel Pérez-Guerrero,* Dr. Adolfo Raúl Taylhardat,**
Dr. R. Figueredo-Planchart**

Yugoslavia

H.E. Mr. Stanislav Kopčok,* Mr. Bozidar Radovic,** Mr. Ljubiša Sekulic,**
Mr. Lojze Kersnik**

OBSERVERS FROM MEMBER STATES

Austria

Dr. Erna Sailer

China

Mr. Peter B.T. Chang

Czechoslovakia

Mr. Juraj Králik

Finland

Mr. Jaakko Iloniemi, Mr. Matti Kahiluoto, Mr. Richard Müller

Holy See

Father Henri de Riedmatten

Israel

Miss Hava Hareli

Mongolia

Mr. Buyantyn Dashtseren

Romania

H.E. Mr. Nicolae Ecobescu, Mr. Petre Negut

* Representative.
** Alternate Representative.
*** Adviser.

SPECIALIZED AGENCIES

International Labour Organisation

Mr. F. Blanchard, Mr. F.L. Jones, Mr. L. Magnin

Food and Agriculture Organization of the United Nations

Mr. Pierre Terver, Mr. J.P. Huyser

United Nations Educational, Scientific and Cultural Organization

Mr. Paul Bertrand

International Civil Aviation Organization

Mr. Helio Costa

World Health Organization

Dr. A. Bellerive, Mr. P. Lawton, Mr. H.A. Green

International Bank for Reconstruction and Development

Mr. Federico Consolo

Universal Postal Union

Mr. S.N. Dasgupta

International Telecommunication Union

Mr. Mohamed Mili, Mr. L.W. Mason

World Meteorological Organization

Mr. David Arthur Davies, Mr. Hermann Sebastian, Mr. K. Parthasarathy,
Mr. G. Ffennell

Inter-Governmental Maritime Consultative Organization

Mr. A. Wempe, Mr. Paul Drouilhet

* * *

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. Stuart Rison

* * *

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Mr. I.H. Abdel-Rahman
Mr. Almamy Sylla

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Mr. Robert Muller, Mr. A. Abakoumoff

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH

Mr. Gabriel d'Arboussier

OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

Prince Sadruddin Aga Khan, Mr. Assad K. Sadry

SECRETARIAT

United Nations Development Programme

Mr. Paul G. Hoffman, Administrator;
Mr. David Owen, Co-Administrator;
Mr. Myer Cohen, Assistant Administrator and Director,
Bureau of Operations and Programming;
Mr. Rajendra Coomaraswamy, Assistant Administrator and Director,
Bureau of External Relations, Evaluation and Reports;
Mr. Karol Krackiewicz, Assistant Administrator and Director,
Bureau of Administrative Management and Budget;
Mr. Paul-Marc Henry, Assistant Administrator and Associate Director,
Bureau of Operations and Programming;
Mr. R.B. Stedman, Director, Division of Financial Management and
Administrative Policy, Bureau of Operations and Programming;
Mr. Yuri Filippov, Director, Technical Assistance Operations,
Bureau of Operations and Programming;
Mr. Georges Dumontet, Chief, Division for External Relations
and Secretary of the Governing Council.

Department of Economic and Social Affairs

Mr. Victor Hoo, Commissioner for Technical Co-operation;
Miss Julia Henderson, Associate Commissioner for Technical Co-operation
and Director, Office of Technical Co-operation.

ANNEX II

List of UNDP (Special Fund) projects approved by the Governing Council at its fourth session

DF/SF/R.4 Add.	Country	Project title	(I)	(II)	(III)	(IV)	(V)
			Participating and executing agency	Governing Council earmarking \$US	Estimate of Government counterpart contribution \$US	Estimated total cost of project \$US	Estimate of local operating costs to be paid by Government(s) and included in Governing Council earmarking (column II) \$US
1	Brazil	Centre for Applied Hydrology, Porto Alegre	UNESCO	896,500	948,000	1,844,500	80,100
2	Brazil	Transport survey	IBRD	1,730,000 ^{a/}	9,175,000	10,905,000	b/
3	Cameroon	School for the training of wildlife specialists, Garoua	FAO	880,600	952,000	1,832,600	92,100
4		(No recommendation was issued under this symbol)					
5	Chile	Railway organization and operations	IBRD	911,000	365,000	1,276,000	b/
6	Colombia	Middle-level agricultural education	UNESCO	1,591,700	1,815,000	3,406,700	125,300
7	Cyprus	Higher Technical Institute, Nicosia	UNESCO	1,038,400	809,000	1,847,400	103,000
8		(No recommendation was issued under this symbol)					
9	Ethiopia	Management and Entrepreneurship Training and Advisory Centre, Addis Ababa	ILO	929,000	471,000	1,400,000	98,700
10	Ghana	Studies of two trunk roads	IBRD	426,000 ^{c/}	266,000	692,000	b/
11	Ghana	Volta Lake research	FAO	1,336,000	1,618,000	2,954,000	128,500
12		(Document withdrawn)					
13	Guinea	National Mineral and Geological Centre, Conakry	United Nations	885,700	345,000	1,230,700	83,000
14	Haiti ^{d/}	Supplementary assistance to the land and water surveys in the Gonaives Plain and the North-west Department	FAO	680,300	176,000	856,300	-

a/ Includes an amount of \$300,000 for preliminary operations under the revolving fund approved by the Governing Council at its third session in January 1967.

b/ An amount for local operating costs to be paid by the Government has been included in the estimate of Government counterpart contribution (column III) and not in the Governing Council earmarking (column II).

c/ Includes an amount of \$250,000 for preliminary operations under the revolving fund approved by the Governing Council at its third session in January 1967.

d/ An allocation of \$665,800 for this project was originally approved by the Special Fund's Governing Council at its seventh session in January 1962. See document SF/R.4/Add.9.

DP/SF/R.4 Add.	Country	Project title	(I)	(II)	(III)	(IV)	(V)
			Participating and executing agency	Governing Council earmarking \$US	Estimate of Government counterpart contribution \$US	Estimated total cost of project \$US	Estimate of local operating costs to be paid by Government(s) and included in Governing Council earmarking (column II) \$US
15	Hungary	Management Training Centre, Budapest	ILO	1,439,800	4,490,000	5,929,800	67,300
16	India	Advanced Vocational Training Institute, Calcutta	ILO	1,051,200	764,000	1,815,200	88,500
17	India	Indian Grain Storage Institute, Hapur	FAO	1,095,400	421,000	1,516,400	67,900
18	India	National apprenticeship scheme	ILO	1,140,500	6,177,000	7,317,500	109,700
19	India	Tool Room Centre, Hyderabad	ILO	961,500	576,000	1,537,500	80,000
20	Iran	Animal Health Institute, Teheran (phase II)	FAO	875,100	1,055,000	1,930,100	86,000
21	Jordan	Animal Health Institute, Amman	FAO	809,900	446,000	1,255,900	81,600
22	Kenya	National industrial vocational training scheme	ILO	924,600	370,000	1,294,600	90,400
23	Lebanon	Animal Health Institute (phase II)	FAO	1,015,900	1,131,000	2,146,900	109,600
24	Lebanon	Near East Animal Health Institutes: Co-ordinating Unit, Beirut	FAO	378,800	212,000	590,800	44,200
25	Madagascar	Agricultural development of the Morondava Plain	FAO	886,100	742,000	1,628,100	51,600
26	Malaysia	Transport survey	IBRD	1,315,100	1,040,000	2,355,100	b/
27	Mali	Strengthening government services for ground-water exploration and development	United Nations	875,700	597,000	1,472,700	66,100
28	Mali	Transport survey	IBRD	204,000 ^{e/}	75,000	279,000	b/
29	Mauritania	Establishment of a ground-water service	United Nations	967,900	433,000	1,400,900	73,300
30	Mexico	Regional Centre for Industrial Technical Training, Guadalajara	UNESCO	1,545,800	3,773,000	5,318,800	144,000
31	Morocco	Irrigation improvement in the Souss Valley	FAO	639,900	1,525,000	2,164,900	59,100
32	Niger	Feasibility study for the industrial processing of millet	FAO	244,500	310,000	554,500	14,800

b/ An amount for local operating costs to be paid by the Government has been included in the estimate of Government counterpart contribution (column III) and not in the Governing Council earmarking (column II).

e/ Includes an amount of \$120,000 for preliminary operations under the revolving fund approved by the Governing Council at its third session in January 1967.

DP/SF/R. ⁴ Add.	Country	Project title	(I)	(II)	(III)	(IV)	(V)
			Participating and executing agency	Governing Council earmarking	Estimate of Government counterpart contribution	Estimated total cost of project	Estimate of local operating costs to be paid by Government(s) and included in Governing Council earmarking (column II)
				\$US	\$US	\$US	\$US
33	Nigeria	Central sewerage system, Ibadan	WHO	867,500	494,000	1,361,500	50,700
34	Nigeria	Transport survey of Mid-Western Nigeria	IBRD	297,000	178,000	475,000	b/
35	Pakistan	Automotive Training Centre, Chittagong	ILO	361,500	141,000	502,500	35,200
36	Pakistan	Deck Personnel Training Centre, Narayanganj, East Pakistan	ILO	565,700	807,000	1,372,700	53,500
37	Panama	Improvement of pastures and fodder crops	FAO	899,900	1,017,000	1,916,900	89,500
38	Peru	Experimental housing project, Lima	United Nations	1,065,500	8,269,000	9,334,500	98,200
39	Poland	High seas fisheries research project	FAO	1,228,600	12,167,000	13,395,600	46,100
40	Republic of Korea	Forestry survey and development	FAO	499,200	2,512,000	3,011,200	54,100
41	Republic of Korea	Uplands development and watershed management	FAO	906,200	2,353,000	3,259,200	75,900
42	Rwanda	Hides, Skins and Leather Demonstration and Training Centre, Kigali	FAO	542,900	155,000	697,900	51,000
43	Saudi Arabia	Farm Engineering Centre, Riyadh	FAO	930,600	1,058,000	1,988,600	109,700
44	Singapore	Foundry demonstration and service unit	ILO	446,700	459,000	905,700	25,200
45	Somalia	Fishery survey	FAO	576,900	80,000	656,900	33,200
46	Sudan	Mineral survey in three selected areas	United Nations	1,257,700 ^{f/}	750,000	2,007,700	86,500
47	Togo	Building Construction Centre, Caccavelli	United Nations	1,132,700	500,000	1,632,700	96,000
48	Tunisia	Training staff for agricultural education and production, Tunis	FAO	1,601,400	2,056,000	3,657,400	156,800
49	Tunisia	Transport survey	IBRD	490,000 ^{g/}	125,000	615,000	b/
50	Uganda	Master plans for water supply and sewerage for the Greater Kampala and Jinja areas	WHO	616,800	503,000	1,119,800	48,400

b/ An amount for local operating costs to be paid by the Government has been included in the estimate of Government counterpart contribution (column III) and not in the Governing Council earmarking (column II).

f/ Includes an amount of \$65,000 for preliminary operations under the revolving fund approved by the Governing Council at its third session in January 1967.

g/ Includes an amount of \$250,000 for preliminary operations under the revolving fund approved by the Governing Council at its third session in January 1967.

DP/SF/R. 4 Add.	Country	Project title	(I) Participating and executing agency	(II)	(III)	(IV)	(V)
				Governing Council earmarking \$US	Estimate of Government counterpart contribution \$US	Estimated total cost of project \$US	Estimate of local operating costs to be paid by Government(s) and included in Governing Council earmarking (column II) \$US
51	United Kingdom (Mauritius)	Development of milk production	FAO	692,400	1,361,000	2,053,400	48,700
52	United Kingdom (Swaziland)	Survey and planning of the Usutu River basin	FAO	1,112,400	261,000	1,373,400	134,900
53	United Republic of Tanzania	National industrial apprenticeship scheme	ILO	820,100	210,000	1,030,100	86,700
54	Regional (Cameroon, Chad, Dahomey, Ivory Coast, Mali, Mauritania, Niger, Nigeria, Senegal and Upper Volta)	Research into the control of grain- eating birds (Quelea-Quelea)	FAO	702,900	301,000	1,003,900	53,000
55	Regional (Algeria and Tunisia)	Survey of ground-water resources in the Northern Sahara	UNESCO	762,900	1,370,000	2,132,900	54,700
56	Regional (Burundi and the United Republic of Tanzania)	Feasibility study for a road from Bujumbura to Kigoma	IBRD	359,000	75,000	434,000	b/
57	Regional ^{h/} (Laos and Thailand)	Supplementary assistance to the survey of minerals and mineral processing industries in the Lower Mekong River Basin (Laos)	United Nations	531,800	75,000	606,800	24,900
58	Dahomey	Land transport survey	IBRD	512,500	175,000	687,500	b/
59	Kenya	Training of secondary school teachers, Department of Education, University College, Nairobi	UNESCO	1,492,500	2,218,000	3,710,500	156,600
TOTALS				48,950,200	80,747,000	129,697,200	3,614,300

b/ An amount for local operating costs to be paid by the Government has been included in the estimate of Government counterpart contribution (column III) and not in the Governing Council earmarking (column II).

h/ An allocation of \$424,300 for this project was originally approved by the Special Fund's Governing Council at its sixth session in May 1961. See document SF/R.3/Add.41.

ANNEX III

Text of the revisions of the Financial Regulations of UNDP
(Special Fund) a/ approved by the Governing Council at its
fourth session b/

In the articles listed below, the designation, "The Special Fund Account" is revised to read, "The UNDP (Special Fund) Account". The corresponding account for the Technical Assistance component is to be entitled "The UNDP (Technical Assistance) Account". This change in terminology also affects the following articles of the UNDP (Special Fund) Financial Regulations not covered in the present annex: articles 1.1(e); 1.1(f); 4.1; 4.2; 5.1; 10.1(g); 10.2; 11.2; 14.2; 14.3; 14.5; 18.2; 18.3; 20.1; 20.2; 20.3; 21.1; 21.2; 24.2; 24.2(xii). In article 6.3 the term "the Special Fund Account" is replaced by "the Special Fund".

ESTABLISHMENT OF THE UNDP REVOLVING FUND

Article 1 - Definitions

Article 1.1 For the purpose of these regulations, the following definitions will apply:

...

(k) EARMARKING means the designation and reserving of resources by the Governing Council to cover:

- (1) The estimated full cost to completion of approved projects;
- (2) ...
- (3) Amounts authorized for transfer to the UNDP revolving fund for preparatory assistance in connexion with government requests for Special Fund financing and for preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council;

a/ The Financial Regulations of the Special Fund were adopted by the Governing Council of the Fund at its twelfth session and were published in document SF/2/Rev.1. Subsequent decisions were taken by the Governing Council of UNDP amending those regulations. A revised text incorporating the amendments adopted by the Governing Council at its first and second sessions was issued under the symbol DP/SF/2/Rev.2. The text of the changes approved by the Governing Council at its third session appears in annex III of its report on that session (Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 6 (E/4297)).

b/ See paras. 163 and 164 above.

- (4) A provision for the cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council.
- (5) ...
- (1) ALLOCATION means the provision of funds by the Administrator to cover:
 - (1) From the UNDP (Special Fund) Account:
 - (i) The full cost to completion of approved projects;
 - (ii) The annual cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council; and
 - (iii) The Special Fund share of the UNDP administrative budget;
 - (2) From the UNDP revolving fund:
 - (i) The cost of preparatory assistance authorized by the Administrator;
 - (ii) The cost of preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council.

...

Article 2 - Applicability

Article 2.1 These regulations shall govern the financial administration of the Special Fund, including that part of the UNDP revolving fund which is derived from Special Fund resources.

Article 13 - Charges against the Special Fund Account

Article 13.1 The UNDP (Special Fund) Account shall be charged with:

- (a) ...
- (b) The cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council;
- (c) ...

Article 14 - Earmarking of funds by the Governing Council

...

Article 14.6 The Governing Council shall also earmark funds to cover:

- (a) Amounts authorized for transfer to the UNDP revolving fund for preparatory assistance in connexion with government requests for Special Fund financing and for preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council;
- (b) The cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council;
- (c) The Special Fund share of the UNDP administrative budget.

...

Article 15 - Allocation of funds by the Administrator

Article 15.1 Within the level and for the purposes specified by the Governing Council, the Administrator may allocate the necessary funds to cover:

- (a) From the UNDP (Special Fund) Account:
 - (1) The full cost to completion of approved projects;
 - (2) The annual cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council;
 - (3) The Special Fund share of the UNDP administrative budget;
- (b) From the UNDP revolving fund:
 - (1) The cost of preparatory assistance authorized by the Administrator;
 - (2) The cost of preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council.

Article 15.2 The Administrator may also allocate the necessary funds to cover the cost of services and facilities for which provision has been made in gross project budgets, representing that part of the Government's counterpart contributions to the project which is to be provided under article 7.4 in the form of cash. Such allocations shall be limited to the amounts specified in plans of operation as the Government's counterpart contributions in cash.

Article 15.3 The allocation for the Special Fund share of the UNDP administrative budget shall be made annually at the beginning of the year and shall constitute a first charge against resources.

- Article 15.4 The total allocation for any individual project shall be limited to the amount of the project budget contained in the plan of operation for that project and, excluding any allocation covering counterpart contributions in cash made in accordance with article 15.2, shall not exceed by more than 25 per cent the earmarking by the Governing Council for Special Fund assistance to that project, subject to the over-all limitation on the reserve for contingencies provided under article 14.4 (b).
- Article 15.5 Allocations shall constitute a ceiling on commitments to be incurred, either by the Administrator or an executing agency, in respect of the project budgets to which they apply, of the preparatory assistance or preliminary operations authorized by the Administrator, and of the Special Fund share of the UNDP administrative budget.
- Article 15.6 Upon the termination of the Special Fund's assistance towards a project, funds allocated in excess of commitments incurred in respect thereof shall become available for allocation for other purposes in accordance with article 15.1. Funds allocated to cover the cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council and to cover the Special Fund share of the UNDP administrative budget which are in excess of commitments incurred in respect of any particular year for these purposes shall revert to the UNDP (Special Fund) Account at the end of the year.

Article 16 - UNDP revolving fund

- Article 16.1 Upon the recommendation of the Administrator, the Governing Council may earmark funds from the resources of the Special Fund for transfer to a UNDP revolving fund to cover the cost of preparatory assistance in connexion with government requests for Special Fund financing and for preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council.
- Article 16.2 The Administrator may allocate from the UNDP revolving fund, within limits established by the Governing Council, funds for preparatory assistance to cover:
- (a) Assistance to Governments in the preparation, elaboration and revision of requests for Special Fund financing;
 - (b) Investigation and appraisal of requests for Special Fund financing.
- Article 16.3 If such a request for Special Fund financing results in a project subsequently approved by the Governing Council, the cost of any preparatory assistance authorized by the Administrator under article 16.2 shall be included in and charged to the project budget and the corresponding allocation for preparatory assistance will be withdrawn.

- Article 16.4 If the request does not result in a project approved by the Governing Council, the cost of any preparatory assistance authorized by the Administrator under article 16.2 shall be charged to a separate account within the UNDP (Special Fund) Account for which funds have been earmarked by the Governing Council in accordance with article 14.6 and the corresponding allocation for preparatory assistance will be withdrawn.
- Article 16.5 The Administrator may allocate from the UNDP revolving fund, within limits and under conditions established by the Governing Council, funds to cover preliminary operations in connexion with Special Fund-assisted projects prior to their approval by the Governing Council.
- Article 16.6 If such a Special Fund-assisted project is subsequently approved by the Governing Council, the cost of any preliminary operations for that project authorized by the Administrator under article 16.5 shall be included in and charged to the project budget and the corresponding allocation for preliminary operations will be withdrawn.
- Article 16.7 If such a Special Fund-assisted project is not approved by the Governing Council, the cost of any preliminary operations for that project authorized by the Administrator under article 16.5 shall be charged to a separate account within the UNDP (Special Fund) Account for which funds have been earmarked by the Governing Council in accordance with article 14.6 and the corresponding allocation for preliminary operations will be withdrawn.
- Article 16.8 ...
(previously
article
16.4) c/

Article 19 - Commitments, obligations and expenditures

- Article 19.1 For projects executed by executing agencies and for preparatory assistance or preliminary operations financed from the UNDP revolving fund which are carried out by executing agencies, the regulations, rules, policies and practices of the executing agency relating to the commitment and expenditure of funds shall apply to the extent that they are appropriate.
- ...
- Article 19.3 For preparatory assistance or preliminary operations financed from the UNDP revolving fund which are carried out by the Administrator, the regulations, rules, policies and practices of the United Nations relating to the commitment and expenditure of funds shall apply to the extent that they are appropriate.
- ...

c/ See DP/SF/2/Rev.2.

Article 24 - Accounts and financial reports

...

Article 24.2 ...

- (x) Commitments incurred against the allocations for the cost of preparatory assistance or preliminary operations in connexion with Special Fund-assisted projects which are not approved by the Governing Council;

...

Article 24.3 The accounts of the UNDP revolving fund shall be maintained in US dollar equivalents, and shall include accounts for:

- (i) Transfers of funds from the UNDP (Special Fund) Account;
- (ii) Allocations.

Article 24.4 (See "ESTABLISHMENT OF TRUST FUNDS" below).

Article 24.5 (Idem)

Article 24.6 (Idem)

LOCAL OPERATING COSTS

Article 8 - Payments toward local operating costs

Article 8.1 In addition to their counterpart contributions to individual projects, recipient Governments shall make payments in cash to the Special Fund toward local operating costs in accordance with payment schedules specified in the plans of operation. This latter obligation may, however, be waived by the Governing Council on the recommendation of the Administrator in the case of countries deemed financially unable to make even a local currency payment.

...

ACCEPTANCE OF DONATIONS

Article 9 - Donations

Article 9.1 The Administrator may accept donations from non-governmental sources for purposes consistent with those of the Special Fund component of UNDP, except that individual donations of a value in excess of \$10,000 shall be accepted only with the prior approval of the Governing Council. All donations accepted by the Administrator shall be reported to the Governing Council.

Article 9.2 No limitation may be imposed by the donor on the use of donations.

Article 9.3 Donations to the Special Fund shall be credited to the UNDP (Special Fund) Account.

ESTABLISHMENT OF TRUST FUNDS

Article 1 - Definitions

Article 1.1 ...

- (n) TRUST FUND means a separate fund established by the Administrator with the prior approval of the Governing Council to which payments are made for specified purposes consistent with the policies, aims and activities of the Special Fund component of UNDP.

Article 12 bis - Trust funds

Article 12 bis.1 The Administrator may establish trust funds for specified purposes consistent with the policies, aims and activities of the Special Fund component of UNDP, subject to the prior approval of the Governing Council in each case.

Article 12 bis.2 The purpose and limits of each trust fund shall be clearly defined by the Governing Council. Such trust funds shall be administered in accordance with the present Regulations.

Article 24 - Accounts and financial reports

...

Article 24.3 (see "ESTABLISHMENT OF THE UNDP REVOLVING FUND" above).

Article 24.4 The accounts relating to each trust fund shall be maintained in US dollar equivalents, and shall include accounts for:

- (i) Pledges and receipts;
- (ii) Allocations to executing agencies;
- (iii) Remittances to executing agencies;
- (iv) Commitments incurred against allocations;
- (v) Assets and liabilities.

Article 24.5 (previously article 24.3) d/ At the intervals to be agreed with the Administrator, the Controller of the United Nations shall prepare and submit to the Administrator:

- (i) Financial statements showing the status of the UNDP (Special Fund) Account, the UNDP revolving fund, trust funds and the UNDP administrative budget;
- (ii) ...
- (iii) ...

d/ See E/4297, annex III.

Article 24.6
(previously
article
24.4)

The Controller of the United Nations shall prepare and certify as correct the annual accounts showing the status of the UNDP (Special Fund) Account, the UNDP revolving fund, trust funds and the UNDP administrative budget, and the Administrator shall submit them as approved by him to the United Nations Board of Auditors not later than 31 March following the end of the financial year.

Article 25 - External audit

...

Article 25.2

The annual accounts showing the status of the UNDP (Special Fund) Account, the UNDP revolving fund, trust funds and the UNDP administrative budget, with audit certificates from the United Nations Board of Auditors and their reports, if any, shall be transmitted to the Governing Council and to the United Nations General Assembly by the Administrator.

...

ANNEX IV

PROGRAMMING PROCEDURES FOR THE TECHNICAL ASSISTANCE COMPONENT OF UNDP:
DRAFT RESOLUTION RECOMMENDED FOR ADOPTION BY THE ECONOMIC AND SOCIAL
COUNCIL

The Economic and Social Council,

Recalling its resolution 222 (IX) of 14 and 15 August 1949 concerning the establishment of the Expanded Programme of Technical Assistance and General Assembly resolution 2029 (XX) of 22 November 1965 on the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme,

Reaffirming the guiding principles governing the provisions of technical assistance to recipient Governments as set forth in its resolution 222 (IX),

Recalling that, under General Assembly resolution 2029 (XX), the Governing Council of the United Nations Development Programme is entrusted inter alia with the functions previously exercised by the Technical Assistance Committee, including the consideration and approval of projects and programmes and the allocation of funds,

Having considered the report of the Governing Council of the United Nations Development Programme a/ and its decisions contained therein on the programming procedures for the Technical Assistance component of the Programme for 1969 and subsequent years, b/

Recalling that under its resolution 1059 (XXXIX) of 13 July 1965 the two-year programming procedures were extended through the 1967-1968 biennium without prejudice to any action in this regard which might subsequently be taken by the governing organs of the Programme,

Believing that project budgeting with continuous programming should facilitate the effective planning and implementation of technical assistance projects while providing added flexibility in operations,

1. Decides that, as regards the preparation, approval and implementation of the projects of the Technical Assistance component of the United Nations Development Programme for 1969 and the following years, the programming procedures recommended by the Governing Council of the Programme and reproduced in the annex to the present resolution should supersede the present programming procedures established in terms of the relevant provisions of section II of Economic and Social Council resolution 542 B (XVIII) of 29 July 1954, as amended by resolutions 785 (XXX) and 786 (XXX) of 3 August 1960 and 854 (XXXII) of 4 August 1961, as well as the provisions of General Assembly resolution 831 B (IX) of 26 November 1954;

a/ Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 6A (E/4398).

b/ Ibid., paras. 47-50.

2. Notes further that the Governing Council of the United Nations Development Programme is to adopt the financial arrangements required to put into effect the new project budgeting procedures, including those relating to local cost assessment and the allocation of funds to the participating and executing agencies for overheads;

3. Recommends to the General Assembly for approval the following draft resolution:

"The General Assembly,

"Having considered the report of the Governing Council of the United Nations Development Programme and Economic and Social Council resolution.... on the programming procedures for the Technical Assistance component of the Programme,

"Recalling its resolutions 831 B (IX) of 26 November 1954 concerning the country programming procedures of the Expanded Programme of Technical Assistance and 2029 (XX) of 22 November 1965 on the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme,

"Approves the procedures recommended by the Governing Council of the United Nations Development Programme for the preparation, approval and implementation of the projects of the Technical Assistance component of the Programme for 1969 and future years."

Annex

Having considered the recommendations of the Administrator of the United Nations Development Programme, the Governing Council adopts the following procedures for the planning, approval and implementation of the projects of the Technical Assistance component of the Programme beginning with the year 1969:

1. The Governing Council shall review and approve each year the proposals made by the Administrator, after consultation with the Inter-Agency Consultative Board, of estimates of resources for the following year and the distribution of resources as among:

(a) individual country targets which will apply to that year and provisionally to the three ensuing years;

(b) regional project targets of each participating and executing agency for the same years;

(c) the amounts required for the overheads of the agencies and the UNDP secretariat;

(d) a planning reserve;

(e) the reimbursement of the revolving fund for contingency allocations made by the Administrator in the previous year, within the limits of a global amount set by the Governing Council.

2. The Governing Council authorizes the Administrator to review and approve projects submitted by recipient Governments within the limits of their country targets, reporting to the Governing Council at each session on the programmes thus established.

3. The Governing Council shall review and approve regional and inter-regional projects proposed by the participating and executing agencies, including projects requiring inter-agency transfers of regional project targets, and recommended by the Administrator after consultation with the Inter-Agency Consultative Board.

4. The Governing Council shall authorize each year earmarkings for that year in amounts corresponding to:

(a) the global amount of the approved country targets as adjusted through the use of the planning reserve;

(b) the global amount for regional and inter-regional projects;

(c) a lump-sum amount towards the overhead costs of the participating and executing agencies;

(d) the share of the Technical Assistance component of the United Nations Development Programme in the administrative budget of the Programme.

5. The Governing Council authorizes the Administrator to convey to the participating and executing agencies, after approval of the projects, financial authorizations as "allocations" within the limits of the Governing Council's earmarkings for the current year and the country targets or regional project targets for the ensuing years.

6. The Government Council decides that:

(a) savings accruing on projects during the course of the operational year and unobligated balances of approved projects at the year end will remain available to the individual country for country projects or to the agency for regional projects for reprogramming;

(b) that portion of a country or agency regional project target which remains unprogrammed at the year end may be carried forward, subject to a maximum of 50 per cent of the original target, for use in the following year.

7. The Governing Council authorizes the Administrator to develop the detailed practical arrangements required for the planning, approval and implementation of the Technical Assistance component projects, taking into account the proposals he had made, c/ including those relating to project submission, programme changes and contingency authorizations.

8. The Governing Council shall review from time to time the above procedures in the light of experience and provide guidance and directives to the Administrator concerning the methods and criteria to be observed for the consideration of technical assistance requests and the implementation of projects.

c/ DP/TA/L.10/Add.1.

ANNEX V

UNITED NATIONS PROGRAMMES OF TECHNICAL CO-OPERATION: DRAFT
RESOLUTION RECOMMENDED FOR ADOPTION BY THE ECONOMIC AND
SOCIAL COUNCIL

The Economic and Social Council,

Having considered the report of the Governing Council of the United Nations Development Programme on its fourth session, a/ including chapter VI thereof dealing with the United Nations programmes of technical co-operation,

Noting that the Governing Council of the United Nations Development Programme has approved the 1968 regular programme contained in the Secretary-General's report, b/ and has recommended \$6.4 million as the desirable level for part V (technical programmes) of the United Nations budget for 1968,

Noting further that the Governing Council of the United Nations Development Programme will consider at its January 1968 session a study on the appropriate level for planning purposes for 1969 and future years, on the basis of a report to be prepared by the Secretary-General,

1. Endorses the actions of the Governing Council of the United Nations Development Programme noted above;

2. Recommends to the General Assembly that it take the budgetary action necessary for 1968.

a/ Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 6A (E/4398).

b/ DP/RP/3/Add.2 and Corr.1.

CONTENTS (continued)

Page

ANNEXES

I.	List of delegations	65
II.	List of UNDP (Special Fund) projects approved by the Governing Council at its fourth session	71
III.	Text of the revisions of the Financial Regulations of UNDP (Special Fund) approved by the Governing Council at its fourth session	75
IV.	Programming procedures for the Technical Assistance component of UNDP: draft resolution recommended for adoption by the Economic and Social Council	83
V.	United Nations programmes of technical co-operation: draft resolution recommended for adoption by the Economic and Social Council	86

HOW TO OBTAIN UNITED NATIONS PUBLICATIONS

United Nations publications may be obtained from bookstores and distributors throughout the world. Consult your bookstore or write to: United Nations, Sales Section, New York or Geneva.

COMMENT SE PROCURER LES PUBLICATIONS DES NATIONS UNIES

Les publications des Nations Unies sont en vente dans les librairies et les agences dépositaires du monde entier. Informez-vous auprès de votre librairie ou adressez-vous à: Nations Unies, Section des ventes, New York ou Genève.

COMO CONSEGUIR PUBLICACIONES DE LAS NACIONES UNIDAS

Las publicaciones de las Naciones Unidas están en venta en librerías y casas distribuidoras en todas partes del mundo. Consulte a su librero o diríjase a: Naciones Unidas, Sección de Ventas, Nueva York o Ginebra.