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UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

THIRD SESSION

10-27 January 1967

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FORTY-THIRD SESSION

SUPPLEMENT No. 6

UNITED NATIONS

New York, 1967

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NOTE

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



UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS

FORTY-THIRD SESSION

SUPPLEMENT No. 6

**GOVERNING COUNCIL OF THE UNITED NATIONS
DEVELOPMENT PROGRAMME**

**Report to the Economic and Social Council on its third session
(10-27 January 1967)**

INTRODUCTION

1. The Governing Council held its third session at United Nations Headquarters, New York, from 10 to 27 January 1967.
2. The present report was adopted by the Governing Council at its 59th meeting, on 27 January 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 third session is attached as annex I.

Election of officers

4. In accordance with rule 11 of the rules of procedure, the Governing Council, at the opening meeting of its third session, elected the following officers: Mr. Taiëb Slim (Tunisia), President; Mr. J.C. Ingram (Australia), First Vice-President; Mr. Christo Vladov (Bulgaria), Second Vice-President; Dr. Jorge Pablo Fernandini (Peru), Third Vice-President; Mr. Bernard Perera Tilakaratna (Ceylon), Rapporteur. Mr. Slim made a statement (DP/L.34).

Agenda

5. The agenda adopted for the third session was the following:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda (DP/L.22/Rev.2; DP/L.23 and Add.1).
4. Exchange of views between the Council and the Administrator in private meetings on the United Nations Development Programme (Special Fund) programme recommendations of the Administrator and other matters relating to United Nations Development Programme activities.
5. Consideration and approval of UNDP(SF) programme recommendations of the Administrator (DP/SF/R.3 and Corr.1, DP/SF/R.3/Add.1-21, DP/SF/R.3/Add.22 and Corr.1, DP/SF/R.3/Add.23 and Corr.1, DP/SF/R.3/Add.24 and Corr.1, DP/SF/R.3/Add.25-28, DP/SF/R.3/Add.29 and Corr.1, DP/SF/R.3/Add.30 and Corr.1, DP/SF/R.3/Add.31-56, DP/SF/R.3/Add.57 and Corr.1, DP/SF/R.3/Add.58-65, DP/SF/R.3/Add.66 and Corr.1, DP/SF/R.3/Add.67-68, DP/SF/R.3/Add.69 and Corr.1, DP/SF/R.3/Add.70-71).
6. General debate: statements by the Administrator (DP/L.33 and Add.1) and members of the Council on issues before the Council.
7. Financial matters:
 - (a) Contributions (DP/L.32 and Add.1, DP/SF/C/L.19, DP/SF/C/L.20, DP/TA/C/L.19, DP/TA/C/L.20; DP/L.35);
 - (b) Administrative budget estimates for 1967 (together with comments of the Advisory Committee on Administrative and Budgetary Questions) (DP/L.25 and Corr.1, A/6593);

- (c) Status of the revolving fund (DP/L.28 and Corr.1, DP/L.28/Add.1);
 - (d) Use of special industrial services trust fund (DP/L.29 and Corr.1);
 - (e) Revision of financial regulations (DP/SF/L.9 and Add.1, A/C.5/1104, A/6596);
 - (f) Audit reports (A/6006, A/5941, A/6131, A/6306, A/6376, A/6477, A/6511, A/6512, A/6580, A/6581, A/6596).
8. Consideration of UNDP activities:
- (a) Project budgeting for the Technical Assistance component of UNDP (DP/TA/L.8);
 - (b) Harmonization of administrative and financial policies and procedures (DP/L.24 and Add.1);
 - (c) The question of recruitment (DP/L.27);
 - (d) Technical Assistance programme changes made from 1 April to 30 September 1966 (DP/TA/L.9).
9. United Nations Regular Programme of Technical Co-operation and United Nations participation in the Development Programme (DP/RP/2):
- (a) Questions concerning the United Nations Regular Programme of Technical Co-operation;
 - (b) Questions concerning United Nations execution of UNDP projects.
10. Ways and means of improving the organization and methods of work of UNDP; question of the establishment of a programme committee (DP/L.26).
11. Consideration of ways and means for implementing recommendation A.IV.8 of the United Nations Conference on Trade and Development (Gradual transformation of the United Nations Special Fund) (General Assembly resolution 2042 (XX)) (DP/L.30).
12. Action taken by organs of the United Nations and related agencies in 1966 on matters relating to the United Nations Development Programme (DP/L.31 and Add.1-2).
13. Provisional agenda for the fourth regular session of the Governing Council (rule 8 of the rules of procedure).
14. Date of the fourth regular session.
15. Other matters.
16. Draft report of the Governing Council to the forty-third session of the Economic and Social Council.

Summary records of meetings

6. The summary records of the meetings of the third session were issued as documents DP/SR.41-59.

Private meetings

7. In accordance with the decision of the Council at its second session, seven private meetings were held for an exchange of views between the Council and the Administrator on questions arising in connexion with the UNDP(SF) programme recommendations and other matters relating to UNDP activities.

CHAPTER II

GENERAL DEBATE

8. Under item 6 of its agenda, the Governing Council considered a statement by the Administrator (DP/L.33 and Add.1) and held a general debate on issues before the Council.

Statement by the Administrator

9. In his statement to the third session of the Governing Council, the Administrator emphasized the concept of "nation-building" as the principle which should guide the setting of priorities among the various sectors of urgent development activities.

10. As regards the flow of development assistance to the low-income countries, the Administrator considered it likely that a very large part of the additional \$7.5 billion a year of external financing required by 1970 would have to come from investment and bankable loans; but he noted that such sums could not be expected unless sound opportunities for capital investment were created through expanded pre-investment activities.

11. The Administrator then drew the attention of the Council to two very serious problems requiring intensified action. The first of these was that of mass migration from rural areas to cities in the developing world. If rural life were improved, not only would the rate of this migration be slowed and pressure on city facilities be reduced, but the supply of food and agricultural raw materials available to the cities would be increased and markets for city-produced goods would be expanded. UNDP wanted to do much more in helping to finance projects for rural improvement, including those involving industrial decentralization.

12. The second serious problem identified by the Administrator was the present tremendous wastage of the energy of young people in the developing countries. The long-range answer to this wastage was to expand permanent employment opportunities for youth. But until this was possible, there was much useful work that youth could perform which would contribute directly to nation-building yet require little training. Such "national service" work represented a stop-gap measure; at the same time basic educational and vocational training activities had to be increased. The United Nations, the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) were making efforts to provide both short and long term answers to problems in this area - and their activities should be supported and expanded.

13. Pragmatism on the part of all members of the UNDP partnership and an exclusive focusing on development alone was essential if success were to be achieved in these and other areas of development work.

14. The Administrator then referred to the significance of steps undertaken and foreseen in documentation before the Council in implementation of General Assembly resolution 2029 (XX) merging the Expanded Programme of Technical Assistance and the Special Fund.

15. On the subject of collaboration between UNDP and the agencies, the Administrator noted particularly the valuable role being played by the Inter-Agency Consultative Board. Such collaboration was increasingly being broadened to include inter-agency co-operation in project implementation, the agency with prime responsibility frequently using its sister agencies as subcontractors on parts of certain projects. An important move toward consolidation of field activities was the new agreement between UNDP and FAO, under which the functions of the FAO's country representatives would be incorporated into the office of the UNDP Resident Representative.

16. Regarding current progress of the Programme, the Administrator noted that, while the Council would receive a detailed report on field activities in June, he could inform members that 31 UNDP surveys and feasibility studies had stimulated \$1,643 million in follow-up investment, an amount that had risen by \$102 million since he had reported to the Second Committee in December 1966. ^{1/} Close co-operation with the principal sources of international development financing was vital to securing effective follow-up to pre-investment work and everything possible was being done to improve such co-operation. One example of this was the project before the Council for assistance to the African Development Bank.

17. The Administrator went on to note that "institution-building" was an enlarging concern of recipient Governments, UNDP and the agencies. Citing some examples of work in this area, the Administrator also noted that in virtually every case, activities in this category had continued to operate successfully under local direction after the conclusion of UNDP and agency support.

18. Addressing himself to the topic of development data retrieval for programme management, the Administrator noted that ways were being sought for integrating the information contained in regular periodic reports on project operations received from the Resident Representatives and from the agencies with the great wealth of general development information compiled by the agencies and other sources. The selective use of modern data processing systems could permit substantial improvements in all aspects of project evaluation, management and control.

19. On the question of reporting UNDP activities to Governments and the public, the Administrator remarked that, as many delegations had stressed, such reporting was vital if the needed financial resources were to be obtained. A new publication Pre-investment and Productivity ^{2/} and the first issue of Pre-Investment News, a UNDP newsletter, would be issued shortly.

^{1/} See Official Records of the General Assembly, Twenty-first Session, Second Committee, 1088th meeting.

^{2/} United Nations publication, Sales No.: 67.II.D.5.

20. Regarding new directions in UNDP assistance, the Administrator called attention to growing efforts which were being made under the Programme in the agricultural sector both to bring new acreage under cultivation, and to increase the productivity of currently cultivated land.

21. Other areas in which UNDP could do more included demographic investigation and assistance on voluntary family planning measures and expansion of the tourist industry, which could become a major lever for economic growth. The Administrator suggested that UNDP should also be receptive to further requests for projects to create or strengthen institutions such as savings banks, savings and loan associations and building co-operatives, which could stimulate domestic savings and thus make possible more local financing of development.

22. The Administrator remarked that tourism was a field in which UNDP could play a much greater role than at present. Tourism could help in the economic development of developing countries and could be a rich source of foreign exchange.

23. In conclusion, the Administrator turned to what he described as prerequisites for the continuing growth of the Programme's capacity to serve the cause of global development. He commented that whatever the outcome of the forthcoming studies of needs for United Nations technical and pre-investment assistance over the next ten years (on which preliminary work was beginning in the form of an analysis of needs in the next three years), it was clear that the present financial position of UNDP was unsatisfactory. Contributions for 1967 were at present about 15 per cent below the target figure of \$200 million, an amount which the Secretary-General had rightly called the minimum required for 1967 when he spoke of the need for a contribution level of \$350 million by 1970. The dates, in the Administrator's view, were as important as the dollar figures, for he was convinced that the next three years would be decisive for the future course of the entire development drive.

Summary of discussion

24. Members of the Council expressed appreciation of the statement made by the Administrator. The comprehensive documentation before the Council and the timeliness of its submission were also welcomed.

25. Observations were made on the role which the Governing Council should take in the conduct of the United Nations Development Programme. It was generally agreed, in accordance with paragraph 4 of General Assembly resolution 2029 (XX), that the prime function of the Council was to provide general policy, guidance, and direction for UNDP. A number of members thought that the responsibility for strengthening the position and status of UNDP should be shared by the Council and the Administrator; above all, the Council should help the Administration in assuring the maximum and most efficient use of its resources. One member stated that this did not necessarily imply that the Council should exercise closer control over the actions of the Administration. On the contrary, he thought the Council might need to reconsider the nature of the control which it did in fact exercise. By way of example, he pointed out that, as the Council could hardly scrutinize a list of some 70 projects at each session, consideration might be given to simplifying the procedure for approval of projects and for concentrating discussion on general tendencies of the project proposals. On the other hand, one member thought that the Council should play a more active part in supervising the implementation of decisions with regard to the Programme. Still another

considered that the work of the Council could be more fruitful if it could receive documentation on a continuing basis throughout the year.

26. The usefulness of the informal meetings held at the opening of the session was commented upon favourably by a number of members. Two, however, were opposed to such meetings, one of them referring to rule 4 of the rules of procedure stating that meetings shall be held in public except for those on specific project recommendations, and the other member declaring that the Council had nothing to hide and that all participants in the Programme were entitled to know about its work.

27. There was considerable divergence of opinion on the way in which these meetings should be conducted. Most members felt that there should be no restriction on matters to be discussed at such meetings. Others thought that there should be more systematic organization of the subject matter, and it was suggested that Council members should inform the Secretariat in advance of the topics they intended to raise. Several members favoured the submission in advance of written questions, though it was hoped that this would not preclude oral questions and spontaneous replies by the Administration. One member considered that the private session should take place after the general debate to permit clarification by the Administration of specific matters on the agenda. The suggestion was also made that the Administration should prepare a working paper for these meetings.

28. Some members of the Council expressed the view that UNDP did not sufficiently influence the solution of the main problems of economic development of the developing countries and that the main principles of the technical assistance programmes established by the General Assembly, in particular the principle of universality, were not observed in practice.

29. The various measures taken by the Administration to further the administrative merger of the former Expanded Programme of Technical Assistance and Special Fund programmes were generally welcomed. Several members commented that the merger should lead to greater over-all efficiency. One member emphasized the need to establish more links between pre-investment and technical assistance projects to bring UNDP into closer relationship with the development objectives of recipient countries. In this context, another member thought that the regular programmes of technical assistance being carried out by the United Nations should also be merged into UNDP.

30. The special characteristics of the two programmes, in the opinion of some members, should be retained, and one member noted the importance to a developing country of having a known quota at its disposal. Another stressed the need to redraft programming procedures to allow for more mutual support between the two programmes. The Administrator, welcoming the various observations and suggestions on the subject of the merger, said that these would be given the most serious consideration in the preparation of a report to be submitted to the next session of the Council on the improvement of procedures of the Programme.

31. There was a general consensus on the need for further co-ordination of activities between UNDP and United Nations agencies at Headquarters and in the field, and between UNDP and other multi-lateral and bilateral programmes.

32. References were made to the addition of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) to membership of the Inter-Agency Consultative Board.

It was generally stressed that co-operative effort on the part of agencies was more important than ever in view of the increasing number of complex projects which called for the combined knowledge and skills of the United Nations family of agencies.

33. The vital role of the Resident Representative in the achievement of co-ordination at the country level was commented on by many members. Several stated that the presence of a Resident Representative having the necessary status and authority and able to fulfill his role in an appropriate manner was a decisive factor in the success of the programming, preparation, execution and evaluation of assistance from the United Nations. Others emphasized the need to strengthen the position of the Resident Representative as the focal point for development assistance activities of the United Nations family to such a degree that the Representative had sufficient authority to act as the United Nations executive on the spot; this related both to his position vis-à-vis the Government and the executing agencies. One delegate pointed out that, in order to make the co-ordination fully effective, it would be necessary to bring the regular programmes of the United Nations and the specialized agencies in the field under the general direction of Representatives.

34. Several references were made to the need to recruit as Resident Representatives persons of the highest calibre, who enjoyed the confidence of the Governments they served. One member warned against the danger of Resident Representatives being too preoccupied with ambassadorial functions.

35. The Administrator referred to the concept advanced by some members of the Resident Representative as a Chef de Cabinet. He regarded the Resident Representative rather as the principal channel for sending requests from Governments and for discussing with Governments their assistance programmes. He envisaged the eventual development of a system whereby agency technicians in various fields would work with the Resident Representatives and constitute an advisory board for the consideration of programmes and policy questions.

36. The recently concluded agreement between UNDP and FAO for the integration of FAO country representatives into the offices of the Resident Representative was singled out by many members as a significant step towards improving co-ordination between agencies. Although some concern was expressed at the budgetary implications of this move, several members expressed the hope that similar arrangements would be made with other agencies.

37. The advantages of establishing a UNDP branch office in Geneva with operational functions were advanced by several speakers as a possible means of achieving greater co-ordination with European agencies and donor Governments. Others expressed their reservations concerning this suggestion which they considered would lead to increased costs and decreased efficiency. In their view, the splitting up of the central administration between two continents would complicate UNDP's own internal co-ordination.

38. Several references were made to co-operation with UNCTAD and UNIDO. In this connexion, several members stressed that relations between UNDP and UNIDO should be systematically organized. Two members suggested that funds held by UNDP for "special industrial services" should be administered by UNIDO. It was further suggested that a report on future co-operation between the two organizations should be submitted to the Governing Council at its next session. One member

observed that the ILO, UNESCO and UNIDO were all involved in the training of industrial personnel. In this connexion, he referred to the agreement at the twenty-first session of the General Assembly that social aspects of such training should in future be entrusted to the ILO, and technical, administrative and economic aspects to UNIDO, and scientific training proper to UNESCO.

39. Several members of the Council expressed concern at the pressure which certain participating organizations, desirous of promoting projects in their own spheres of activity, seemed to exert on requesting Governments. They were also surprised that one agency had provided a list of projects to its governing body for financing by UNDP up to the end of 1968 before they had been considered by the Governing Council.

40. Others emphasized the importance of consultations between UNDP administration, executing agencies and other multi-lateral and bilateral programmes to assure harmonization of assistance within the framework of national development plans. One member mentioned that the experience of bilateral and other multi-lateral programmes could be drawn on, and that UNDP should take into account the training acquired by the personnel responsible for executing such programmes and should itself also enlist their services. In his opinion, this was as important as the obtaining of actual funds for assistance programmes.

41. Council members referred to various resolutions and decisions of the General Assembly and other organs of the United Nations which affected UNDP. One member felt that the Administration had not responded adequately to these resolutions, in particular, to the recommendation in annex A, IV.8 of the Final Act of the United Nations Conference on Trade and Development. ^{3/} He was not satisfied with the Administrator's opinion that certain recommendations of the Conference called for no action by UNDP in view of the creation of a United Nations Capital Development Fund. Furthermore, he stated that, in view of the principles stated in General Assembly resolution 2170 (XXI) on the flow of external resources to developing countries, UNDP should be constantly on its guard with respect to the role of private capital. Some members pointed out that the provision of General Assembly resolution 2158 (XXI), concerning permanent sovereignty over natural resources, should be taken into account when considering priorities in the programme.

42. Other members asked that the Administration, in preparing its work programme, take note of the various resolutions of the General Assembly and the Economic and Social Council concerning the period following the United Nations Development Decade. Reference was also made to requests directed to UNDP in 1966 to concern itself with matters as diverse as the development of tourist resources, standardization and insurance.

43. With the resources available to UNDP not keeping pace with the growing volume of requests for assistance, several members commented on the need to sharpen the criteria governing the selection of projects. One member suggested that the Administration should devote some of its resources to formulate workable objective criteria for project allocations. This would both ease the burdens on the Administration and help future members of the Council in their deliberations. While it

^{3/} 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.

was understood that the Administration had to achieve a sort of rough justice in the allocation of resources, the need for selectivity could not be escaped. It was observed, in this connexion, that there was a positive side to selectivity. The choice of projects which demonstrably advanced the development process in low-income countries would do more than anything else to increase the volume of financial support to UNDP from donor countries.

44. On the other hand, one member stated that he would not favour elaborating criteria beyond the guidelines embodied in General Assembly resolution 1240 (XIII) establishing the Special Fund. He noted that the factors contributing most to economic development differed from country to country, that they constantly changed as development proceeded, and that there was lack of agreement about the weight which should be attached to these variables. Another member stated that the only justifiable criterion was the impact that the proposed project would have on the economy.

45. A number of members urged that UNDP funds should be expended in those countries most in need. Some of them noted, in particular, instances of receipt of assistance by countries normally considered developed, or those with high per capita income or large foreign exchange earnings. They expressed the hope that the Administrator would bear in mind, when discussing possible projects with individual countries, the need to ensure that the requesting Government made a contribution appropriate to its resources and that countries which could meet the total costs of the project should do so. Several ways were suggested in which a requesting Government might undertake a commitment to meet all or at least a major part of the total costs involved. It could, for example, assign funds-in-trust to the Programme to finance the proposed project or undertake to make a voluntary contribution to the Programme comparable to the costs of the project or make a major counterpart contribution. Whichever technique is employed, it was considered desirable that such Governments should, if possible, undertake to provide, in a convertible currency, an amount equivalent to the full foreign exchange component of the costs of the project.

46. One member also observed that UNDP should not normally concern itself with certain types of technical projects which could be handled under commercial arrangements. Another member said that it might be necessary to differentiate recipients of assistance into two, or eventually three, broad groups and establish certain limits on both the number of requests and volume of assistance to be allocated to them.

47. Some members of the Council referred at length to the geographical distribution of projects. It was observed that a relatively large number of projects were devoted to the African region owing to the substantial number of requests for assistance received from a large group of countries most of which had recently acceded to independence. In fact, it was also felt that, in the light of the critical and special needs of this region, it should receive even greater consideration. With regard to the other under-developed regions, attention was drawn to the decline in the Asian share of the Programme.

48. One member felt it was misleading to refer to regional statistics when the needs of each country varied greatly and had to be independently assessed. Two other members wondered if a system of target figures governing the number of project requests which could be received from each country could be applied in some flexible form much as they were for the Technical Assistance component of

the Programme. In their opinion, this would reduce the work of both the recipient countries and the Administration in preparing and reviewing requests for projects. Furthermore, this would enable the requesting Governments to concentrate on the projects most important to their economy at a given time while, on the other hand, the Administration would undoubtedly receive fewer but better prepared requests.

49. The Council generally welcomed the inclusion of new regional projects in the current programme. It was pointed out that international assistance, such as that provided by UNDP, had a particularly important role to play in promoting regional development because, in many cases, bilateral aid was not an appropriate means for political or financial reasons. In this connexion a number of members advocated an increase in the number of regional projects. One member urged that the 16 per cent ceiling on such projects in the UNDP(TA) programme be lifted as one means to facilitate this.

50. The desirability of regional projects was stressed for Africa in particular where poverty and under-development did not respect man-made boundaries. One member commented favourably on the constructive steps being taken by a number of countries to establish economic groupings which would allow more rapid and sustained development and the sharing of markets. He noted, in particular, the four sub-regional groupings formed under the aegis of the United Nations Economic Commission for Africa (ECA). The importance of regional research and training institutes for economic development was also emphasized.

51. The question of priorities for UNDP assistance was discussed at some length. A number of members observed that only the Governments concerned could properly assess their own priorities, and their choice should be paramount in the formulation of the UNDP programme. One member pointed out that a number of countries did not yet possess detailed development plans which would enable them to identify precisely appropriate priority areas. In such cases, he felt that UNDP should not hesitate to offer positive suggestions and advice. Some members noted that there were sometimes conflicts in the priorities for projects as recommended by executing agencies and those determined by Governments themselves.

52. The balanced development of agriculture and industry was commented on by a number of members. In the light of a worsening world food situation, several members welcomed the increase in the number of projects in the agricultural sector contained in the recommended programme, particularly those directly concerned with raising agricultural output. One member called for absolute priority to be given to projects in the agricultural sector. In this connexion, one member referred to the work of the Committee for Development Planning which, among other activities, was to undertake a study consisting of a progress report on the work under way regarding the problem of the inadequate expansion of food and agricultural output.

53. At the same time, many stressed that industrial development must proceed concurrently with agricultural development and the two must be properly integrated. In this connexion, one member said that the experience of industrialized countries had shown that progress obtained in the sphere of agricultural production was closely related to advances made in the industrial sector. Another stated that it was impossible to take effective action on the agriculture front without such products of industrialization, such as chemicals and farm machinery.

54. Several members reiterated that UNDP was still not giving sufficient priority to projects in the industrial field, and one suggested that at least 40 per cent of the total resources of the Programme should be earmarked for industrialization. The potential usefulness of the recently established special industrial services fund was commented on by several members who expressed the hope that fuller use of this assistance would be made as a result of the establishment of UNIDO. One member regretted that present funds available under special industrial services were not being used at the anticipated rate.

55. While they supported the Administrator's statement that requests for assistance in establishing pilot plants were welcomed by UNDP, many members felt that more attention should be given to pilot plant projects, and some expressed disappointment at the absence of such projects in the new programme. In the opinion of two members, at least 10 per cent of project earmarkings in the future should be devoted to pilot and demonstration projects. In response to requests for a report on assistance for pilot plants, the Administrator said that this would be provided at the next session.

56. The subject of capital investment for development was raised by several members. A few recalled their support for the establishment of the United Nations Capital Development Fund, and saw the newly created institution as a useful instrument for furthering economic development. One member noted, however, that while the mechanism for using development aid had been created, the necessary financing was either still lacking or inadequate. Another member expressed disappointment in the conclusions of the Administrator that, with the setting up of the Capital Development Fund, UNDP no longer had responsibilities in the field of capital investment. It was the opinion of this member that certain of these responsibilities still remained. He maintained that UNDP had sufficient resources at its own disposal to finance direct capital investment in both industry and agriculture. It should, for example, endeavour to increase the number of pilot projects which offered the best means of contributing to industrial development. His Government was willing to contribute to the execution of two or three such projects.

57. Another member commented that the work load in pre-investment activities did not permit extending the scope of UNDP work into direct investment. Other members pointed out that the major donor countries, sometimes in the face of severe domestic restraints, were making funds available for capital investment through the International Bank for Reconstruction and Development (IBRD), the International Development Agency (IDA) and the regional development banks; some doubted the advisability of opening up still another capital "window" in UNDP.

58. The Council briefly discussed new kinds of activities being undertaken by UNDP. It welcomed the growing involvement of UNDP in the field of tourism as an important means of increasing the foreign exchange of low-income countries. It was especially appropriate that work in this area should move forward in 1967, which had been designated by the United Nations as International Tourism Year.

59. A number of members also supported the Administrator's statement on the need to obtain more complete and accurate information on population problems. One member reiterated his Government's support for family planning, and said increased efforts in this field were essential to help alleviate poverty and to combat world starvation. This same member also hoped to see UNDP assistance to handicapped people of developing countries.

60. Council members generally supported the Administrator's suggestion that UNDP entertain requests for projects to create or strengthen those institutions which could make possible increased local financing of development, such as savings banks and building co-operatives.

61. A suggestion was made that UNDP should help promote export industries of low-income countries and, in this connexion, called attention to Economic and Social Council resolution 1178 (XLI) with respect to the policy of industrialization.

62. As the annual report on the implementation of projects would be presented to the Council at its June 1967 session, members of the Council limited their remarks to a few aspects concerning operational activities. There were several comments on the growth in the "pipeline" of project requests under consideration. One member referred to some 400 such requests that had been reported (DP/L.25) - a backlog which, at the present rate of approvals, he presumed would take three years to clear even if no fresh requests were accepted. This would inevitably cause delay in dealing with individual projects and meant that countries and United Nations institutions would be obliged at the same time to look for sources of financing other than UNDP. This, in his view, would lead to wasteful duplication and confusion. As a point of clarification, the Administrator replied that the revised estimate of such requests was 375 and that the figure represented more a measure of work load than actual requests. For example, 71 of these requests were in the new programme before the Council, 206 were official and 51 unofficial requests under study, while 47 were being worked on as advance information. Some members requested financial and work load projections to help them assess UNDP's absorptive capacity.

63. Many members raised the question of the time lag between the approval of pre-investment projects and the signature of their plans of operation. One member suggested two possible ways of reducing such delays: the first, by telescoping the preparation of the plans of operation with the final stages of appraisal of project requests, so that they could be ready by the time the Administrator presented the requests to the Council; the second, by standardizing the provisions in the plans of operation on the basis of similar plans previously executed, so that minimum time would be needed to clarify minor details.

64. In considering the importance of the speed with which projects should be executed, another member asserted that undue delays in implementation of projects resulted in loss of income. He appreciated the problem was a complex one and the Administrator should try to find a solution. He suggested the possibility of dropping projects if work on them had not begun within a stated period after approval by the Governing Council.

65. The Administrator assured the members of the Council that the Secretariat took the problem of delays very seriously. However, there was a question of balance in tackling the problem, and he cautioned that haste could sometimes mean waste. Thorough preparation of a plan of operation might very well result in the saving of time over the entire life of a project. If that took an extra month or so, he thought it was time well spent.

66. The Council was gratified to learn that thirty-one pre-investment survey projects had been completed in sufficient detail to attract follow-up capital investment of \$1,643 million. Some members were of the view that projects which could lead to early capital investment should be favoured, and one suggested that

the very test of pre-investment activities was the extent to which they elicited and promoted capital investment. Another member observed that the selection of projects leading directly to investments would help to encourage major donors to increase their contributions to UNDP. However, two other participants felt that undue emphasis on projects leading to investment might divert UNDP assistance from other desirable areas of activity, such as training and research.

67. The members were pleased to learn that the Associate Administrator of UNDP had been assigned specific responsibility for active liaison and follow-up with financing institutions to assist in the securing of investment capital for the appropriate completed UNDP-assisted projects. One member felt that the Council would need more information on how the Administration viewed its role as guide in the matter of financial advisory services and that the Council should, after reviewing the question, provide the Administrator with some guidance on that point.

68. Regarding the sources of follow-up financing, most members agreed that the involvement of a larger number of financial institutions, whether public or private, was desirable. One member, however, cautioned against the use of private foreign capital without the necessary controls to assure that its use was consistent with the developmental objectives of assisted countries. It was also suggested that the cost of any UNDP-assisted survey or study which led to private investment should be reimbursed to UNDP. On the other hand, one member said that much follow-up investment was from domestic sources, and that refundable assistance would hinder the process of development. He added that UNDP was not a private bank nor an international financial institution, but a programme whose sole purpose was to help in nation-building. Another member noted that, to the extent that the costs of UNDP studies had already been covered by contributions from Governments, including Governments of market economy countries, a refundability requirement would be, in effect, a double charge, which would serve to penalize developing countries.

69. With reference to the establishment of an Evaluation Division within the Bureau of External Relations, Evaluation and Reports, several members stressed the importance of this work for the assessment of the effectiveness of UNDP activities. One member attached great importance to a rapid build-up of more adequate evaluation procedures for UNDP-financed projects and another looked forward to receiving information arising out of this evaluation work. The hope was also expressed that the Division would have the necessary independence from other branches of the service to carry out objective assessments of UNDP activities.

70. Attention was drawn by certain members to the recent evaluation missions conducted in three countries on behalf of the Economic and Social Council. It was hoped that the findings and recommendations of these missions would be fully taken into account in the operations of UNDP. One member suggested that recipient Governments could benefit in formulating their requests for UNDP assistance by a review of the reports as well as from relevant information supplied by the United Nations Institute for Training and Research.

71. The recruitment of experts and the awarding of sub-contracts was the subject of extensive discussion in the general debate. There was general agreement on the need to ensure that contracts should be awarded on the basis of free and equal competition among qualified firms and organizations and also on the desirability of seeking candidates and contracting firms on the widest possible geographical basis.

72. A number of members hoped to see still greater increases in expert recruitment from the developing countries. It was also proposed that more effective consideration should be given to the immediate inclusion of senior, competent and suitable Africans to the highest decision-making sector of UNDP both at Headquarters and in field offices. Some other members drew attention to the fact that large reservoirs of specialized personnel in the socialist countries of eastern Europe were not sufficiently explored or tapped. That expert recruitment should bear some relation to contributions was pointed out by three members who felt that a just balance would be an incentive and would encourage countries to contribute more money to the organization. Another said that UNDP and the executing agencies had not yet found the most effective ways of recruiting experts or of achieving the desirable mixture of available talent.

73. Other suggestions made for improving the expert recruitment situation included a proposal for building up an international pool of experts through the secondment of qualified personnel by the industrialized countries, with their normal promotions guaranteed by their Governments, and through the provision of promising young people by the developing countries. It was further proposed that UNDP and the executing agencies should make approaches to all countries to find out what experts they could make available to UNDP on a non-payment basis, as an addition to their financial contributions.

74. Some members urged that better arrangements should be made for announcing openings so that candidates from all over the world would have an opportunity of applying. The Administrator should inform the Council at least once a year on the methods being taken to improve recruitment. Further discussion on recruitment took place under agenda item 8 (c).

75. Similar public announcement of sub-contracts was asked for by a number of members who also stressed the need for standardization of procurement procedures of the executing agencies. In reply, the Administrator said that a report would be prepared on sub-contracting with special emphasis on providing information to all members of the United Nations and specialized agencies interested in knowing what projects would call for sub-contractual services. The report on the harmonizing of sub-contracting procedures by specialized agencies would be handled in the following way: first the agencies would be asked to report to UNDP on their present practices of sub-contracting; then the subject of harmonization would be raised at the next meeting of the Inter-Agency Consultative Board since in the final analysis this was something that this Board could consider.

76. One member pointed out that his country wanted to participate in UNDP not only with its financial resources but also with its technical experience and equipment. Another member said that his country was participating in UNDP by contributing not only financially but also with its technical experience. He felt, in that connexion, that any discrimination for financial reasons against one research firm or another ran counter to the objective sought, since it might result in wastage of resources or in failure to utilize the best available services. He urged that all such discrimination be avoided. A third member welcomed the Administrator's assurance that the list of sub-contracting firms would be widened and still another suggested that post contract evaluation of the methods used and the results achieved would help firms to meet the required standards.

77. In suggesting a wider use of sub-contracts, one member thought that agencies should not themselves perform services which contractors could carry out more efficiently in executing projects but rather should co-ordinate their work.

78. In reference to the Technical Assistance component of the Programme, one member noted that there were several developing countries which had, over the years, developed their own local expertise and therefore now required a larger proportion of assistance in the way of imported equipment. He suggested that the present relationship between expert and equipment components of the Technical Assistance component of the Programme be reconsidered even to the point of approving projects involving the exclusive supply of equipment provided all other conditions for its efficient utilization exist.

79. The size of the resources available to UNDP in relation to the assistance being requested by developing countries was discussed by most members of the Council. Several members quoted the Secretary-General concerning the urgent need to achieve the Programme's present target of \$200 million for 1967 in voluntary contributions and to raise this target progressively to \$350 million for the year 1970. Others commented on the current stagnation of international aid at a time when there was a growing ability to provide such aid.

80. Noting from the discussion in the private meetings that it appeared that UNDP possibly lacked sufficient resources to handle all the projects in the pipeline which would be ready for the next session, one member felt that the Council should devote attention to this high priority matter at the present session. One member stated that the presentation of a number of his country's projects was held up solely for the reason of a lack of UNDP resources, and suggested that perhaps Council members had been too cautious on the issue of finding ways and means of bringing new financial resources to the Programme.

81. Among the ways which one member felt should be explored in order to increase the financial resources were the reimbursement of UNDP resources on a contractual basis by countries which could afford to do so; authorizing the Administrator to accept funds-in-trust to supplement the resources available for projects, including funds-in-trust offered by one country for the benefit of another (on the understanding that provision of both types of funds-in-trust would not affect the level of the donor's contribution to the Programme); and stepping up efforts to obtain contributions from non-governmental sources, including foundations and the general public. Closer co-ordination with the work of other major international assistance agencies such as IBRD, UNICEF and the World Food Programme should be sought in such a way as to achieve the maximum supplementary support for UNDP-assisted projects from related programmes. Several others emphasized that more must be achieved with existing means through better utilization and closer co-operation among various sources of assistance.

82. Another member suggested that UNDP might be able to reach the \$200 million target by reducing its outlay on consultants' services if it was able to accept the services of experts from donor Governments as a supplement to their financial contributions. Still another declared that his country was willing to co-operate in efforts to utilize non-convertible funds and thus make better use of certain under-utilized currencies, while one member regretted that contributions to the Programme were not accepted from all States and were still not fully utilized from certain States which were already contributors to the Programme.

83. Noting that it was an encouraging sign that forty-one States had increased their contributions over those of the preceding year, one member pointed out that if the present trend in contributions continued, it was unlikely that the Secretary-General's proposed target of \$350 million a year by 1970 would be reached. This was ironic, when one considered not only that a large proportion of UNDP assistance was in effect refunded to the aid-giving countries in the form of expert remuneration but that the gross national product of the industrialized countries amounted to approximately \$1,500 billion a year, and was growing by almost \$50 billion annually. The industrialized countries still apparently failed to appreciate how closely their own interests and welfare were bound to the less-developed areas of the world.

84. In commenting on the goals for development resources, the Administrator stated that they were quite realistic. The \$15 billion of development capital, which would flow to the developing countries if one per cent of the gross national product of the industrialized countries was devoted to development assistance, was approximately double the net flow of development capital in 1966. It was a very modest amount indeed, in comparison to the approximately \$150 billion which was currently being spent by countries on what was generously called peace-keeping. If countries wanted to cut down on their massive expenditures on armaments, the best way to do this was to devote more resources to peace-building.

85. The urgent need for fuller and wider publicity in both donor and recipient countries on all phases of UNDP activities was emphasized by a number of members. In this connexion, they gave a warm welcome to the new UNDP monthly publication, Pre-investment News, as one means of drawing the attention of the public, the legislators, the business world and interested organizations to the under-publicized, peace-building activities being carried out under the auspices of the United Nations, of which UNDP was such an important part. Calling for the fullest distribution of this publication, some members hoped it could be issued rapidly in French in order to increase its readership. Another member asked if it could be produced in a less expensive form and the resultant savings in production costs be used to widen its distribution.

86. Referring to resolution 1176 (XLI) adopted by the Economic and Social Council, calling for a review of the public information operations of the United Nations, one member said he hoped that this review would give due account to the activities of UNDP. The public information side of UNDP was of great importance since the climate surrounding this form of development assistance influenced the support which the Programme enjoyed in a particular country. He thought UNDP should take a very close look at the extent to which UNDP or the United Nations information services were meeting the needs of the member countries in respect to information on economic development activities.

87. Other suggestions made for publicizing UNDP's work included that of holding a world-wide UNDP Day to give concerted publicity to the Programme's activities, and the sending of a high-level mission consisting of some members of the "bureau" and some senior officials of UNDP to the capitals of member countries to discuss the objectives and work of the Programme. One member pointed out that there was a substantive role for information to play in regard to the Programme itself in providing wider understanding among officials in recipient countries about UNDP, and how to draw upon its assistance. Another said it was important to have systematic information readily available about the developmental activities of the participating organizations and the results of completed projects. It was also stressed by

another member that the member Governments themselves had a responsibility to publicize the Programme in order to stimulate increased contributions to it.

88. Brief comments were made on the Administrator's proposal to carry out studies on methods of data storage and retrieval applicable to the programme needs, so that information obtained from UNDP's reporting system could be integrated with related development information compiled through other sources. One member suggested that it would be best first to compile a catalogue of references to materials already available and proceed to the establishment of a document centre only after some experience has been gained on the kinds of information actually demanded.

CHAPTER III

UNDP(SPECIAL FUND) PROGRAMME RECOMMENDATIONS OF THE ADMINISTRATOR

Analysis of requests received 1 April - 30 September 1966

89. As reported to the Governing Council of the United Nations Development Programme at its second session, up to 31 March 1966, 1,120 requests for project assistance had been submitted by Governments to UNDP (Special Fund), calling for an expenditure of over \$1,091 million in international resources. Between 1 April 1966 and 30 September 1966, a further 109 requests were received, bringing the total number of requests received to 1,229 and the total amount requested to approximately \$1,200 million.

90. The 109 new requests were in the following fields of activity:

Table 1

<u>Subject area</u>	<u>Number of requests</u>	<u>Amount requested</u> \$US
<u>Surveys</u>		
Mineral and geological	7	7,356,000
Water power, hydraulic and meteorological	2	3,940,000
Land and water use, including forestry	17	10,391,000
Transport and communications	7	6,731,000
Manufacturing industries	1	175,000
Fisheries	3	2,711,000
Other	<u>4</u>	<u>3,162,000</u>
Sub-total	41	34,466,000
<u>Research</u>		
Agricultural, forestry, veterinary and fishery	18	19,129,000
Manufacturing, mining and power	7	8,207,000
Other	<u>4</u>	<u>2,765,000</u>
Sub-total	29	30,101,000
<u>Training</u>		
Agricultural, forestry, veterinary and fishery	10	10,231,000
Industrial	10	11,856,000
Transport and communications	4	3,844,000
Secondary school teacher	3	3,065,000
Public administration and other	<u>8</u>	<u>6,944,000</u>
Sub-total	35	35,940,000
<u>Economic development planning</u>	<u>4</u>	<u>8,865,000</u>
TOTAL	<u>109</u>	<u>109,372,000</u>

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

<u>Table 2</u>			
<u>Economic sector</u>	<u>Number of requests</u>	<u>Amount requested</u>	<u>\$US</u>
<u>Agriculture</u>			
Multi-purpose agriculture ^{a/}	11	10,576,000	
Land and water use	9	6,276,000	
Plant production and protection	4	4,493,000	
Animal production and health	8	8,717,000	
Rural institutions and services	4	3,174,000	
Forestry	9	5,961,000	
Fishing	3	3,265,000	
Sub-total	48	42,462,000	
<u>Industry</u>			
Industry, general ^{a/}	13	13,763,000	
Mining	7	7,356,000	
Other individual industries	5	5,207,000	
Sub-total	25	26,326,000	
<u>Public utilities</u>			
Transport	10	9,275,000	
Communications	2	1,300,000	
Water supply and sewerage	3	2,772,000	
Sub-total	15	13,347,000	
<u>Housing, building and physical planning</u>	5	4,700,000	
<u>Multi-sector</u>			
General planning ^{b/}	2	5,202,000	
Other	1	2,326,000	
Sub-total	3	7,528,000	
<u>Health</u>			
Public health services	1	1,456,000	
<u>Education^{b/}</u>			
Secondary	3	3,065,000	
Technical	1	1,506,000	
Sub-total	4	4,571,000	
<u>Social welfare</u>			
Community development	2	503,000	
<u>Public administration and other services</u>			
Public administration	1	652,000	
Technical services	4	6,726,000	
Other	1	1,101,000	
Sub-total	6	8,479,000	
TOTAL	109	109,372,000	

^{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.

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

Table 3

<u>Geographical area</u>	<u>Requests received 1 April 1966 to 30 September 1966</u>	<u>Requests previously received</u>	<u>Cumulative total to 30 September 1966</u>
Africa	41	357	398
The Americas	24	286	310
Asia and the Far East	24	286	310
Middle East	11	119	130
Europe	9	70	79
Interregional	-	2	2
	<hr/>	<hr/>	<hr/>
TOTAL	109	1,120	1,229
	<hr/>	<hr/>	<hr/>

93. Of the 274 requests under consideration (109 mentioned above, 164 pending as of 31 March 1966 and 1 resubmitted request), 70 were recommended for approval at the January 1967 session of the Governing Council, 8 were withdrawn by the requesting Governments and, in 7 cases, the Governments concerned were informed that their requests were not being kept under review. Therefore, as of 30 September 1966, 189 projects were under consideration for possible inclusion in future programmes. In addition, there were some 45 further requests with unofficial status and some 40 instances of "advance information" concerning possible requests which were under consideration.

Programme recommendations

94. The Administrator recommended that the Governing Council approve seventy projects and one supplementary earmarking ^{4/} (see annex II of this report). This programme totalled \$186,017,300, of which \$78,781,300 represented UNDP (Special Fund) earmarkings and \$107,236,000 contributions by recipient Governments.

95. 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.

^{4/} For Ethiopia: supplementary assistance to the School for Animal Health Assistants, Debre Zeit.

Table 4

Distribution of projects by principal field of activity

Field of Activity	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking \$US	Number of projects	Earmarking \$US	Number of projects	Earmarking \$US
<u>Surveys</u>						
Mineral and geological	49	42,032,700	5	5,837,100	54	47,869,800
Water power, hydraulic and meteorological	26	23,470,845	-	-	26	23,470,845
River basin	29	34,330,380	-	-	29	34,330,380
Land and water use	110	93,591,885	14	13,694,200	124	107,286,085
Transport and communications	25	21,921,200	5	3,310,800	30	25,232,000
Manufacturing industries	5	4,888,000	-	-	5	4,888,000
Fisheries	21	23,891,600	2	2,774,700	23	26,666,300
Other	17	13,362,953	1	439,300	18	13,802,253
Sub-total	282	257,489,563	27	26,056,100	309	283,545,663
<u>Research</u>						
Agricultural, forestry, veterinary and fishery	68	67,584,013	8	8,545,200	76	76,129,213
Manufacturing, mining and power	41	38,105,200	6	6,593,400	47	44,698,600
Other	23	22,221,800	2	2,117,700	25	24,339,500
Sub-total	132	127,911,013	16	17,256,300	148	145,167,313
<u>Training</u>						
Agricultural, forestry, veterinary and fishery	47	44,667,300	1	885,400 ^{a/}	48	45,552,700
Industrial	115	118,944,394	10	9,641,700	125	128,586,094
Transport and communications	25	27,806,900	4	4,349,400	29	32,156,300
Secondary school teacher	25	30,953,600	3	3,654,300	28	34,607,900
Public administration and other	21	18,417,700	4	5,310,900	25	23,728,600
Sub-total	233	240,789,894	22	23,841,700 ^{a/}	255	264,631,594
<u>Economic Development Planning</u>	10	18,276,600	5	11,627,200	15	29,903,800
TOTAL	657	644,467,070	70	78,781,300 ^{a/}	727	723,248,370

a/ Includes a supplementary earmarking of \$190,400 for Ethiopia: School for Animal Health Assistants, a project approved at the fifth session of the Special Fund's Governing Council in December 1960. See document SF/R.2/Add.7.

Table 5

Distribution of projects by economic sector

Economic sector	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking \$US	Number of projects	Earmarking \$US	Number of projects	Earmarking \$US
<u>Agriculture</u>						
Multipurpose ^{a/}	52	57,105,785	5	5,583,200	57	62,688,985
Land and water use	81	70,153,580	7	7,500,700	88	77,654,280
Plant production and protection	20	21,384,000	1	1,074,700	21	22,458,700
Animal production and health	29	25,704,100	5	5,251,600 ^{b/}	34	30,955,700
Rural institutions and services	9	6,606,975	-	-	9	6,606,975
Forestry	38	31,520,013	7	6,391,100	45	37,911,113
Fishing	15	16,288,900	2	2,774,700	17	19,063,600
Sub-total	244	228,763,353	27	28,576,000 ^{b/}	271	257,339,353
<u>Industry</u>						
General ^{a/}	81	73,554,094	13	13,687,300	94	87,241,394
Mining	52	44,884,600	4	4,628,700	56	49,513,300
Other individual industries	47	45,066,800	3	2,547,800	50	47,614,600
Sub-total	180	163,505,494	20	20,863,800	200	184,369,294
<u>Public utilities</u>						
Power	19	17,486,545	-	-	19	17,486,545
Transport	36	37,117,200	6	4,777,600	42	41,894,800
Communications	19	16,984,900	4	4,349,400	23	21,334,300
Water supply and sewerage	10	9,810,800	-	-	10	9,810,800
Sub-total	84	81,399,445	10	9,127,000	94	90,526,445
<u>Housing, building and physical planning</u>	11	10,809,500	1	439,300	12	11,248,800
<u>Multisector</u>						
General planning ^{c/}	10	17,305,325	1	4,808,400	11	22,113,725
River basin development	26	31,674,100	-	-	26	31,674,100
Other	5	4,314,753	2	4,107,400	7	8,422,153
Sub-total	41	53,294,178	3	8,915,800	44	62,209,978
<u>Health and sanitation</u>	6	4,032,200	-	-	6	4,032,200
<u>Education^{c/}</u>						
Teacher training (secondary)	25	30,953,600	3	3,654,300	28	34,607,900
Technical	20	23,087,200	-	-	20	23,087,200
University	20	26,298,800	-	-	20	26,298,800
Sub-total	65	80,339,600	3	3,654,300	68	83,993,900
<u>Social welfare, public administration and other services</u>	26	22,323,300	6	7,205,100	32	29,528,400
TOTAL	657	644,467,070	70	78,781,300 ^{b/}	727	723,248,370

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

b/ Includes a supplementary earmarking of \$190,400 for Ethiopia: School for Animal Health Assistants. See document SF/R.2/Add.7.

c/ 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

<u>Geographical region</u>	<u>Previous programmes</u>		<u>Present programme</u>		<u>Cumulative</u>	
	<u>Number of projects</u>	<u>Earmarking</u>	<u>Number of projects</u>	<u>Earmarking</u>	<u>Number of projects</u>	<u>Earmarking</u>
		<u>\$US</u>		<u>\$US</u>		<u>\$US</u>
Africa	222	230,812,298	26	28,669,200 ^{a/}	248	259,481,498
The Americas	178	169,880,988	16	20,269,600	194	190,150,588
Asia and the Far East	166	162,882,013	16	16,160,800	182	179,042,813
Europe	43	41,766,687	6	7,283,700	49	49,050,387
Middle East	47	35,259,084	6	6,398,000	53	41,657,084
Interregional	1	3,866,000	-	-	1	3,866,000
TOTAL	657	644,467,070	70	78,781,300^{a/}	727	723,248,370

^{a/} Includes a supplementary earmarking of \$190,400 for Ethiopia: School for Animal Health Assistants. See document SF/R.2/Add. 7.

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

(a) A wide range of projects, from those with a rural basis to some providing for sophisticated training, as well as a larger number of regional projects, especially in the field of transport, were included.

(b) Training

Training projects continued to show growing emphasis on adaptation to local conditions; for instance, on new education projects proposed in Afghanistan and Jordan, on in-plant training in Colombia, public administration projects in Libya and Central America, and on one for work-oriented literacy in Guinea. A project in mechanical engineering research in India, a training project in the field of hydraulics in Cambodia, and further support for the project for animal health assistants in Ethiopia are equally typical. Strong emphasis on the decentralization of training facilities is a further feature, in leather production projects in the Sudan and Somalia. Management development projects of a more classical type were proposed in Ceylon and Ghana, while support for advanced research and management training in countries with a relatively developed economy was shown in projects proposed for Romania and Czechoslovakia. Three projects in telecommunications and two in meteorology covered more specialized types of training.

(c) Agriculture and natural resources

A project for applied research on natural resources proposed for Iraq was a new initiative for the UNDP Special Fund component arising out of many UNESCO conferences. Forestry surveys and training were the subject of several new projects in various countries of Asia, Africa and the Caribbean, in which income-producing aspects, such as saw milling and new plantations would be emphasized. Early results were hoped for in pilot production units planned in the field of irrigation and water resources on projects proposed for African countries and for Syria. Solutions to the problem of food production were the subject of many projects in the proposed programme including one on pig and poultry research in Singapore, a food industry development centre in Peru, fisheries centres in Mexico and Vietnam, and a beef production unit in Uganda. Associated with food production were projects for animal disease research in East Africa and Mexico and a pesticide project in Brazil. Basic agricultural and land surveys provided indispensable groundwork in projects proposed for Nicaragua, Thailand and Yemen.

(d) Industry and transport

Several projects proposed in the field of industry - apart from those mentioned under the heading of training - included those for small-scale industries in Greece, industry and trade development in Iran and Jordan, industrial design in the United Arab Republic and industrial safety in Turkey and the United Arab Republic. Four regional and two national transport surveys were also part of the proposed programme.

(e) Projects in other fields

Noteworthy projects in other fields were those for physical planning in Jamaica and regional planning in Yugoslavia. Finally, particular attention was drawn to an overall increase in regional projects, including support proposed for a pre-investment unit in the African Development Bank, and for expanded support to the Latin American Institute for Economic and Social Development.

Preparatory assistance

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

Executing agency overhead costs

98. A tabular summary of overhead costs, by executing agency, both for the present and previous programmes, was given as shown in table 7.

Table 7

Executing agency overhead costs

Agency	Previous programmes		Present programme		Cumulative	
	Project costs <u>a/</u>	Executing agency overhead costs	Project costs <u>a/</u>	Executing agency overhead costs	Project costs <u>a/</u>	Executing agency overhead costs
	\$US	\$US	\$US	\$US	\$US	\$US
United Nations	117,518,903	10,750,450	22,637,900	2,474,900	140,156,803	13,225,350
ILO	58,963,294	5,827,100	8,465,100	929,700	67,428,394	6,756,800
FAO	227,823,653	22,516,400	24,172,800	2,639,300	251,996,453	25,155,700
UNESCO	107,462,250	9,787,750	7,179,400	772,100	114,641,650	10,559,850
WHO	13,469,300	1,316,900	1,091,500	120,100	14,560,800	1,437,000
IBRD	24,390,575	483,295	1,725,100	35,000	26,115,675	518,295
ICAO	11,931,300	844,100	-	-	11,931,300	844,100
ITU	14,345,100	1,383,800	3,918,400	431,000	18,263,500	1,814,800
WMO	12,057,400	1,136,900	1,972,700	216,300	14,030,100	1,353,200
IAEA	2,246,100	212,500	-	-	2,246,100	212,500
<u>Total</u>	<u>590,207,875</u>	<u>54,259,195</u>	<u>71,162,900</u>	<u>7,618,400</u>	<u>661,370,775</u>	<u>61,877,595</u>

a/ Includes UNDP (Special Fund) direct costs.

Summary of discussion

99. In the course of the discussion on programme recommendations one representative, speaking on his behalf and on that of the other African countries represented on the Council, expressed concern at what was considered to be the high level of Government counterpart contributions included in the projects for Botswana and Zambia (DP/SF/R.3/Add. 3 and Add. 63 respectively). The economic situation of those two countries, which had only recently achieved independence, was particularly difficult: Botswana's economic independence was threatened by the Union of South Africa, and the sanctions authorized by the Security Council resolution against the illegal regime in neighboring Southern Rhodesia created a special situation for Zambia. The representatives of African countries represented on the Council therefore considered that priority consideration should be given to the needs of Botswana and Zambia and that the minimum counterpart contribution should be asked of them.

100. The Administrator pointed out that the level of Government counterpart contributions had been fixed in agreement with the Governments concerned. UNDP had always recognized the need to take into account the special circumstances of newly independent countries and would continue to give them particular consideration.

101. One member, reflecting the general views of the African countries represented on the Council, expressed opposition to any UNDP assistance to Portugal in view of its policies in Africa and its failure to respect United Nations resolutions. It was pointed out in reply that, with regard to the contingency authorizations for Portugal (DP/L.28, annex II) the projects of the ILO and WHO had been approved before passage of General Assembly resolution 2107 (XX) calling for the cessation of assistance to that country. The third project was an adjustment of a contingency request also approved before passage of that resolution. No requests from Portugal had been entertained since.

102. Some members of the Council objected to UNDP assistance to South Viet-Nam and China. Great concern was also expressed about the fact that the programme recommended at the current session did not include assistance in the establishment of pilot plants.

103. Referring to the Administrator's recommendation contained in paragraph 31(d) of document DP/SF/R.3 (Programme recommendations of the Administrator), several representatives questioned the necessity of earmarking an additional \$7,878,130 (equivalent to 10 per cent of the total Governing Council earmarking for the present programme) as a reserve for the Administrator's contingency authority. Noting that only \$19.2 million had been allocated out of the \$64.4 million earmarked to date to the contingency reserve, they wondered whether, in view of the general desirability of not immobilizing any more resources than absolutely necessary, a contingency reserve of 10 per cent was necessary. If the level could be reduced, the resources released could be used to finance additional projects for the June 1967 programme. Pending a study of future contingency reserve requirements, the Council might consider deferring the earmarkings of \$7.8 million recommended by the Administrator.

104. The Administrator indicated that the secretariat would submit a report on the estimated future contingency requirements which were currently averaging 8 per cent of project earmarkings, for consideration by the Council in June 1967. In reply to a suggestion by one member, he pointed out that the contingency

reserve was administered as a global reserve, which was funded by earmarkings calculated by the application of a 10 per cent factor to project earmarkings. The major question which would be before the Council in June was whether the 10 per cent was an appropriate amount. No funds should be immobilized unnecessarily. If the 10 per cent was shown by the study to be an unnecessarily generous assessment, it should be reduced and the resources released made available for additional project finance. In his judgement, the question now before the Council as to whether the \$7,878,130 contingency earmarking should be deferred had no direct relevance to the problem, since the decision to be taken by the Council at the fourth session would be definitive.

105. The Administrator pointed out that the basic policy question regarding the level of the contingency reserve was whether the Programme was to be operated on the basis of the present system of conservative estimates for project budgets, supplemented by an adequate contingency reserve, or a system of liberal estimates which would include a "built-in" contingency reserve, and would minimize the need for a separate contingency provision. He personally preferred the present system of conservative project estimates, which, among other things, minimized the level of local operating costs assessed on recipient Governments as a percentage of project cost estimates. Members of the Council generally favoured continuation of the conservative approach described by the Administrator. The decision on whether the present figure of 10 per cent should be reduced rested with the Council; it would in any event have no effect on operations in the period between the third session of the Council and June 1967.

106. The Governing Council decided to approve the Administrator's recommendation to earmark an additional sum as a reserve for the Administrator's contingency authority, as contained in paragraph 31(d) of document DP/SF/R.3. It requested the Administrator to prepare, in the light of the comments, observations and suggestions made at the third session of the Council, a detailed study of future contingency reserve requirements for submission to the June 1967 session of the Council.

107. One representative pointed out that the inclusion of recipient Governments' cash payments towards local operating costs in the Governing Council's earmarkings, as explained in footnote (a) to Table I of document DP/SF/R.3 rather than in Government counterpart contributions was confusing. He recommended that the amounts of local operating costs should be shown separately in the future. The Administrator agreed that the amounts of local operating costs in each project would be identified separately in the future, but he pointed out that these sums had to be shown as income to UNDP, and therefore were necessarily a part of the Governing Council earmarking.

Decision of the Governing Council

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

(a) To approve the proposed programme (see annex II);

(b) To earmark for each of the projects listed in annex II the sum shown in that annex under the heading "Governing Council earmarking";

(c) To authorize the Administrator to make the appropriate arrangements with Governments and executing agencies for the execution of these projects;

(d) To earmark an additional \$7,878,130 (equivalent to 10 per cent of the total Governing Council earmarking for the present programme) as a reserve for the Administrator's contingency authority; and

(e) To earmark the sum of \$120,000 (the amount authorized in 1966 with respect to preparatory assistance only) to cover the cost in 1967 of financing preparatory assistance or preliminary operations in connexion with projects which are not approved by the Governing Council, and to review the adequacy of the amount at its June 1967 session.

CHAPTER IV
FINANCIAL MATTERS

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

(a) The statements, as at 30 November 1966, of contributions pledged and paid to the Special Fund component of UNDP for the year 1966 (DP/SF/C/L.19), and of contributions outstanding for the years 1959, 1960, 1962, 1964 and 1965 (DP/SF/C/L.20); the statements, as at 30 November 1966, of contributions pledged and paid to the Technical Assistance component of UNDP for the year 1966 (DP/TA/C/L.19), and of contributions outstanding for the years 1957, 1958, 1959, 1963, 1964 and 1965 (DP/TA/C/L.20); a note by the Administrator (DP/L.35) drawing the Council's attention to a provisional list of payments received during the month of December 1966 in respect of contributions outstanding for the years 1963, 1964, 1965 and 1966 for both components of UNDP; and a note by the Administrator submitting a current statement of contributions pledged to the United Nations Development Programme for 1967 (DP/L.32 and Add.1);

(b) The budget estimates for the administrative and programme support services of the United Nations Development Programme for the year 1967 (DP/L.25 and Corr.1) and the relevant comments of the Advisory Committee on Administrative and Budgetary Questions (A/6593);

(c) A report on the status of the revolving fund (DP/L.28 and Corr.1) and a memorandum by the Administrator on the use of preliminary operations under the revolving fund (DP/L.28/Add.1);

(d) A report by the Administrator regarding the use of the special industrial services trust fund (DP/L.29 and Corr.1);

(e) A note by the Administrator (DP/SF/L.9) regarding the revision of the Financial Regulations of the Special Fund component of UNDP to take into account the provisions approved at the second session of the Governing Council concerning the revolving fund; and a note by the Administrator (DP/SF/L.9/Add.1) informing the Council of the new arrangements for signature and submission of the audited financial statements and audit reports for the Technical Assistance component of UNDP (as proposed by the Secretary-General 5/ and noted by the Fifth Committee of the General Assembly 6/);

(f) The audit report for the year ended 31 December 1964 relating to the Special Fund account 7/, together with the relevant comments of the Advisory Committee on Administrative and Budgetary Questions 8/ and the report thereon of the Fifth Committee to the twentieth session of the General Assembly 9/;

5/ Official Records of the General Assembly, Twenty-first Session, Annexes, agenda item 78, document A/C.5/1004.

6/ Ibid., document A/6596.

7/ Ibid., Twentieth Session, Supplement No. 6 (A/6006).

8/ Ibid., Annexes, agenda item 74, document A/5941.

9/ Ibid., document A/6131.

the audit reports for the year ended 31 December 1964 relating to expenditures by executing agencies of funds allocated from the Special Fund 10/, together with the relevant comments of the Advisory Committee on Administrative and Budgetary Questions 11/ and the report thereon of the Fifth Committee to the twentieth session of the General Assembly 12/; the audit reports for the year ended 31 December 1965 relating to the Special Account for the Expanded Programme of Technical Assistance and to the Special Fund account 13/ and to the expenditures by specialized agencies and the International Atomic Energy Agency of both technical assistance funds earmarked from the Special Account of the Expanded Programme of Technical Assistance 14/ and funds allocated from the Special Fund 15/, together with the relevant comments of the Advisory Committee on Administrative and Budgetary Questions 16/ and the reports thereon of the Fifth Committee to the twenty-first session of the General Assembly 17/.

Summary of discussion

110. In introducing item 7 of the agenda 18/ the Administrator referred to questions and observations on the general status of UNDP finances which had been made during the general debate and also elaborated on certain of the proposals which were before the Council under this item. Concerning financial statements, the Administrator reiterated his undertaking to provide for the fourth session of the Council a full and comprehensive analysis of the financial status of UNDP. In addition to the type of information provided to the Council at its June 1966 session in the annual report (DP/L.15 and Corr.1), and in document DP/L.16, the statement to be presented in June 1967 would incorporate relevant statistical information on project flow, as requested during the general debate. With regard to the current status of earmarkings and resources, the Administrator provided information updating the statement contained in document DP/SF/R.3 which had reflected the situation as it existed on 31 October 1966. The Swedish announcement on contributions plus the Danish and other increases in pledges recently announced made it possible to increase the estimate of pledges appearing in the table in paragraph 29 of document DP/SF/R.3 from \$97.4 to \$117 - \$119 million. The amount available for earmarking in 1967 could be increased from \$138.4 to \$160 million and the balance available for earmarking in June 1967 under present policies, appeared to be about \$65 million. The Administrator expected that the unallocated balance of resources would, by 30 September 1967, drop to a level somewhat slightly below \$60 million.

10/ Ibid., addendum 2 to agenda item 81, document A/6072.

11/ Ibid., agenda item 81, document A/6142.

12/ Ibid., document A/6218.

13/ Ibid., Twenty-first Session, Supplement No. 6 (A/6306).

14/ Ibid., Annexes, addendum 1 to agenda item 78 (A/6511).

15/ Ibid., addendum 2 to agenda item 78 (A/6512).

16/ Ibid., agenda item 73, document A/6376; ibid., agenda item 78, documents A/6580, A/6581.

17/ Ibid., agenda item 72, document A/6477; ibid., agenda item 78, document A/6596.

18/ The Governing Council considered separately item 7(b) - administrative budget estimates for 1967. This item is covered in paras. 121-141 below.

111. In his introductory statement, the Administrator reiterated his intention to provide to the Council, in June 1967, a report on the procurement practices of executing agencies and to arrange for the publication of more information concerning consulting contracts actually awarded.

112. Under agenda item 7(a), the Governing Council devoted its discussion largely to consideration of the question of the level of funds available for earmarking in June 1967. The Administrator had indicated that the revised amount of earmarking authority estimated to be available in June 1967 (about \$65 million) would probably not be adequate to cover fully the requirements. The Council noted that the \$65 million of earmarking authority might, however, be supplemented if funds could be restored to general resources from the contingency reserve. The question of the amount of funds, if any, which could be made available from that source would depend upon the outcome of the study of contingency requirements which the Administrator had undertaken to present to the Council in June. Until that study was available, it would not be possible for the Council to know whether it was necessary, as a further supplement to the earmarking authority, to increase the ceiling on the permissive excess of earmarkings over resources which presently stood at \$140 million. Some members of the Council felt that that ceiling could safely be increased somewhat, and the Administrator indicated that an increase in the permissive authority by an amount of \$20 million could be approved without unduly lowering the level of unallocated balance of resources. Other members expressed misgivings about further increases in the permissive authority for the earmarkings in excess of resources and hoped that the problem could be solved in other ways. They mentioned the possibility of an increasingly stringent review of requests for assistance, especially those from relatively industrialized countries, and also referred to the possibility of freeing some of the funds presently immobilized in the contingency reserve. At the conclusion of the discussion of this item, the Council agreed not to take a decision on the possibility of increasing the permissive authority for earmarkings in excess of resources at this session but to leave the question open for renewed consideration at the June session, on the understanding that the Administrator would, when preparing the June programme, take full account of the observations made in the debate and would submit for approval in June a programme comprised of sound, high priority projects without necessarily limiting the programme to the level of earmarking authority available under present policies. In connexion with the consideration of the question of contributions, one member, noting that certain of the arrears in contributions extended over a period of many years, wondered whether the Administrator included such long overdue pledges in his estimates of resources, and expressed the view that a policy was needed under which long-standing arrears would be written off after a certain interval. Reference was also made to the question of currency utilization as it related to the need for full and free competition for consulting and equipment contracts. Decisions as to the award of such contracts should be based on the standard criteria of quality, price and delivery date and should not be influenced by factors of currency utilization. Ideally, all contributions to UNDP should be fully convertible. Other members, while agreeing that fully convertible contributions were desirable, stressed the need for broadening the use by UNDP of national resources, noting that, in the past, certain countries had not had a reasonable opportunity to participate fully in the work of UNDP.

113. The representative of Bulgaria informed the Council that his Government had paid its contribution to the Special Fund for 1966 and he received assurances from the Secretariat that the next statement on 1966 contributions would reflect that payment.

114. The Governing Council took note of the statements of contributions listed in paragraph 109(a) above.

115. In its consideration of the Administrator's report on the status of the revolving fund (item 7(c) of the agenda), the Council gave careful attention to the Administrator's request for advance approval for preliminary operations in the case of six projects (see DP/L.28/Add.1). The request was made under the terms of the experimental arrangements established by the Council at its second session. At that time, the Council decided to establish arrangements for preliminary operations for an experimental period of one year, and provided for review of the arrangements in June 1967. In introducing this item, the Administrator pointed out that no preliminary operations had yet been authorized by UNDP. Under the second alternative established by the Council at its second session, the Administrator was now seeking the advance approval of the Council for preliminary operations in the case of six projects described in document DP/L.28/Add.1. Several members expressed the view that the considerations of urgency underlying the establishment of the preliminary operations authority did not seem to be present in all of the projects under review to the degree desirable to justify the use of these exceptional arrangements. It was suggested that the documentation provided to the Council should be more detailed in future. Another member wondered whether the Administrator had exhausted the other possibilities available to him for financing the preliminary operations requested, such as the Technical Assistance contingency authority. Other members felt that certain of the projects under review could, without ill effect, have been presented as Special Fund projects in the normal way. Other members noted that the Administrator's approach to the use of preliminary operations had been conservative and that this element of the revolving fund introduced a desirable element of flexibility into UNDP operations, permitting the Administrator to respond quickly to a limited number of exceptionally urgent requests. They supported the Administrator's approach and felt the one year experimental period should be allowed to run its full course before passing judgement.

116. In commenting upon the observations of members, the Administrator noted that the main purpose of preliminary operations was to save time when time was of the essence. Factors of urgency were sometimes present due to seasonal circumstances which could affect the progress of operations but they were also, in his judgement, important in certain cases where investment decisions were imminent. In completing its discussion on preliminary operations, the Council approved the use of the revolving fund for preliminary operations in the six projects listed in document DP/L.28/Add.1, and confirmed its intention to review further, at its fourth session, the arrangements for preliminary operations in the light of information then available on completion of the experimental one year period. The Council also took note of the report on the status of the revolving fund contained in document DP/L.28 and Corr.1.

117. In introducing, under agenda item 7(d), the report on the use of the special industrial services trust fund (DP/L.29 and Corr.1), the Administrator noted that the fund had been established by the Secretary-General for the purpose of receiving voluntary contributions from certain Member States for the purpose of financing

special industrial services. The agreements, made by the Secretary-General with the contributing Governments concerned, provided for submission of periodic reports on the status of the fund to intergovernmental bodies concerned with activities in the field of industrial development. No action by the Governing Council was required on the report since it was submitted purely for the information of the Council. General disappointment was expressed by many members of the Council at the slow rate at which operations under the trust fund were getting under way, although it was recognized that the report covered only the first few months of operation of the fund and that, in the initial phase of such an activity, some delays were to be expected. Some members observed that the use of the trust fund would undoubtedly be examined in some detail on the occasion of the first meeting of the Industrial Development Board; nevertheless, they felt that since the Administrator was jointly responsible with the Executive Director of UNIDO for the administration of the trust fund, he should endeavour, in subsequent reports to the Governing Council, to provide more detail about the projects financed from the fund and about the nature of the commitments and expenditures incurred. With regard to the statement of the representative of UNIDO in the general debate (DP/L.36) that apparently more requests for assistance from the fund had been received than were listed in the Administrator's report, several members requested that up-to-date information on pending requests be supplied to them in due course. In commenting on observations made by members of the Governing Council, the Administrator undertook to provide information of the type requested on the occasion of his next progress report. He described briefly the nature of the arrangements which had been made with the Executive Director of UNIDO for the administration of the trust fund including the role of Resident Representatives in the submission of requests for assistance and the arrangements for review of new requests by joint UNIDO/UNDP staff machinery. The Council took note of the report on the use of the special industrial services trust fund.

118. In connexion with the Council's examination, under item 7(e), of the proposed revisions in the Financial Regulations of the Special Fund component, several members of the Council, noting that the revisions related mainly to decisions taken by the Council at its second session for the establishment of a UNDP revolving fund, and noting further that the preliminary operations element in the revolving fund was established in any case for an experimental period of one year, suggested that action to revise the Financial Regulations might safely be deferred until the fourth session. At that time, revisions could take account of any decision the Council might take with regard to future arrangements for preliminary operations, together with other revisions in the regulations which the Council might be required to take to implement decisions under other items of its current agenda. The revolving fund should be administered during the experimental period in the manner provided for in the revised Financial Regulations, as proposed in document DP/SF/L.9, pending definitive decisions on those regulations by the Council. On receipt of confirmation from the UNDP secretariat that such a procedure was technically acceptable, the Council decided to defer formal action on the proposed revisions in the Financial Regulations relating to the revolving fund for reconsideration at its fourth session.

119. The Governing Council approved the proposed revisions in existing Articles 24.3, 24.4, 25.2 and 25.3 of the Financial Regulations, as contained in annex III of this report, relating to the signature of the annual financial statements covering the Special Fund component of UNDP, the UNDP revolving fund and the UNDP administrative budget, and to the transmission by the Administrator of those statements with audit certificates and audit reports, if any, to the Governing Council and to the General Assembly.

120. Under agenda item 7(f) the Governing Council took note of the audit reports and related items contained in the documents listed in paragraph 109(f) above.

121. For its consideration of item 7(b), the Governing Council had before it the Administrator's budget estimates for the administrative and programme support services of UNDP for 1967 (DP/L.25 and Corr.1) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/6593).

122. The 1967 estimates, amounting to a total of \$14,884,900 (net), represented an increase of \$1,683,800, or some 12.7 per cent, over the approved budget for 1966. The greater part of the increase arose from new policy decisions or other factors not entirely subject to direct administrative control such as salary changes and increments; amendments to Pension Fund regulations; the establishment or re-opening of additional field offices; general increases in the unit cost of services and facilities; and the proposed integration of FAO country representatives in UNDP field offices. If these items were excluded from the comparison, the increase arising strictly from additions to UNDP establishment and services was about \$676,500, or some 5 per cent over the 1966 budget. It was proposed that the total costs for 1967 should be financed from the resources of the Special Fund and Technical Assistance components of UNDP in the same proportion as was applied in 1966, based on the distribution of pledges of contributions to the two components; this would result in allocations of \$9,490,613 and \$5,394,287 respectively from the resources of the Special Fund and Technical Assistance components.

123. Initiating the discussion on the item, the Co-Administrator referred to the revised form of presentation of the estimates which had been developed, for experimental use, in the light of the discussions in the Governing Council in January 1966 and of the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies and of the Advisory Committee on Administrative and Budgetary Questions. Following those recommendations, the Administrator had also indicated agreement, on an experimental basis, to an arrangement by which transfers between appropriation sections would be made only with the authorization of the Council, to be obtained, if necessary, by correspondence. The Co-Administrator explained further that the predominant size of the budget section covering "personal services" merely reflected the fact that by far the greatest part of the expenditure of organizations such as the United Nations or UNDP related to salaries and wages. The consolidation of such large provisions in a single section was no cause for concern as most of these credits could only be spent for authorized posts in accordance with established staff regulations and rules; indeed such a consolidated manning table facilitated the most flexible and economical use of the total staff resources according to priority needs.

124. Referring to the predominantly field-oriented nature of UNDP, the Co-Administrator indicated that the organization and staffing of a field office depended on a number of factors, variable from country to country, such as the size and complexity of the programme, the extent of the services and facilities that were made available by the host Government, the nature, scope and efficiency of various other services and facilities available in the country, and the availability and quality of local staff. The variations in these factors accounted for the differences in the size, staffing and other elements of field offices, and the continuing effort was to ensure, on the one hand, that the offices were provided with the necessary administrative support to render them

effective and, on the other, that they functioned with the utmost economy making the fullest possible use of locally available resources and facilities. In 1966, a beginning had been made to undertake special studies in depth of the organization and staffing of certain of the larger offices from this viewpoint and a report would be presented to the Governing Council when the studies were completed.

125. Referring to the comments of the Advisory Committee on Administrative and Budgetary Questions in paragraph 11 of its report (A/6593), the Co-Administrator reiterated that the Administration shared the interest of the Advisory Committee and the Governing Council in finding and applying some yardstick which would give a meaningful relative measurement of administrative and programme support costs. The difficulties in this regard were many: UNDP was still a rapidly growing programme with a substantial time gap between the start of the workload relating to a project and the incurring of project expenses; the expenses of any given project were unevenly spread over its duration; there was a traditional variation in the costs incurred under the Technical Assistance component between the first and second years of a programme biennium; and, above all, there was the question of a generally accepted definition of such terms as "administrative costs", "programme support costs" and "project costs". Furthermore, any discussion of how much it took to deliver a UNDP programme of a given size must also take account of the related "overhead" expenses of the executing agencies.

126. Nevertheless, the Co-Administrator added, the ratio of administrative and programme support services costs to total UNDP obligations had been estimated: 7.7 per cent in 1965 and 6.2 per cent in 1966. For 1967 the ratio was expected to be generally of the same order as for 1966. These ratios were subject to the same inadequacies and reservations as had been indicated, and further efforts would be made to develop a more meaningful index.

127. The Co-Administrator also noted with satisfaction the positive reaction of members of the Council to the arrangements which had been initiated to integrate FAO country representatives in the UNDP field offices and added that the question of practical co-ordination in the field with other agencies would be pursued in 1967.

128. The discussion in the Council reflected concern at the continued increase in administrative costs, especially in the light of the substantial increase in the 1966 budget over that of 1965. It was emphasized that such increases resulted in a reduction of the resources available for direct assistance and that the present rising trend of administrative costs should therefore be halted. Some members, while expressing disappointment at the pace of increase of the budget, recognized the continued growth in programmes and the related workload and hoped that the increased efficiency already evident in the quality of the documentation prepared for the current session would be reflected more positively in future budgets. Granted that the Programme by its very nature and complexity was not the least expensive to administer, every effort should be made to offset as much of the rising costs as possible by a greater rationalization of the services.

129. Some other members, while agreeing that waste must of course be cut out, felt that there had been no concrete evidence or convincing case to indicate where savings could be achieved. It was fallacious to suggest that an administration was more efficient merely because it cost less; what should be sought was quality and efficiency at the lowest possible cost.

130. In the discussion of the new structure of the secretariat of UNDP suggested by the Administrator, some members expressed the view that the changes were being introduced hastily, without sufficient prior experience. The new structure remained bulky and excessively centralized and did not correspond to the international character of the Programme.

131. The need for an appropriate yardstick or yardsticks to evaluate the efficiency of the Programme was re-emphasized by many members. The difficulties in this regard, especially in respect of the definitions of concepts and terms, were recognized. It was suggested, for instance, that much of what the Resident Representative and his office did had the character of programme assistance rather than of pure administration. Attention was drawn in this connexion to the welcome attempt, reflected in annex IV of the budget document (DP/L.25), to give a breakdown of the budget between "administrative costs" and "programme support costs". Apart from further refinement of these concepts, it was necessary to pursue the effort to devise suitable yardsticks, and it was suggested that consideration might be given to developing an efficiency ratio which would relate the cost of the delivered "product" to the total programme costs.

132. Many members underlined the important role of the Resident Representative and his office and urged that the field offices should be strengthened to render them increasingly effective. At the same time, a few members emphasized the need for periodic adjustment of the staffing of field offices to their changing needs in order to ensure that the size of the offices was kept to the essential optimum. The information provided by the Co-Administrator on the factors influencing the size of individual offices was welcomed as were the special studies which were under way. It was also suggested that some economy might be achieved by re-grouping offices on a semi-regional basis although this might not entirely conform to the wishes of recipient Governments.

133. One member proposed that, with a view to improving the effectiveness of relations between the headquarters of UNDP and the specialized agencies and of utilizing existing resources in the most economical manner, the Administrator should examine the possibility of establishing, without creating any new posts, one or several sections of the UNDP secretariat at the European Office of the United Nations. These sections would operate under his authority and that of the Director of the Bureau of Operations and Programming and be responsible, on the one hand, for participating in the elaboration and putting into final form of projects and, on the other, for the finalizing of plans of operation, when the execution of such projects was entrusted to a specialized agency with its headquarters in Europe.

134. This proposal was supported by several members of the Council and criticized by some others. The Council, however, decided to request the Administrator to report on this matter to the Governing Council at its sixth session.

135. Among other points covered in the discussion were (a) the subvention from the UNDP budget to the United Nations; and (b) the revised form of the budget. On (a) it was noted that the amount of the subvention would need to be reviewed in the light of the increasing amount of the services in question which UNDP was taking on itself. Regarding (b), the new budget form, and especially the proposed procedure for approval of transfers between appropriations sections, was welcomed. It was suggested that, in order to reduce the imbalance among the sections, consideration might be given to separating "common staff costs" from section 1 and including them in a new section.

136. Replying to points raised in the discussion, the Administrator stated that, unlike a budget for a commercial enterprise where definitions and concepts were clear, the budget for an operation such as UNDP posed special problems. The line of demarcation among administrative expenses, programme support and operations could not be sharply defined. Many Council members had urged a strengthening of the field offices, which accounted for over \$9 million of the \$14.9 million budget. Should the expenses of the field offices be considered programme support or administrative in character? A similar question arose about other secretariat units such as the Bureau of External Relations, Evaluation and Reports, the strengthening of which, while adding to the budget, might well so improve project evaluation that substantial sums would be saved. In the Administrator's view, the soundest way to judge the UNDP budget was to consider the relationship between total costs and total workload and, conversely, the one basic way to reduce the budget was to reduce the workload. This, of course, did not mean that waste should be tolerated or that guidelines could not be established for controlling expenses in certain phases of the UNDP operation. Indeed, such guidelines and controls had been or were being established in sensitive areas of expenditure. In response to a suggestion by one member of the Council, the Administrator agreed to submit a report on the organization and financing of UNDP field offices in connexion with the submission of the administrative and programme support services budget for 1968.

137. The Administrator further indicated an alternative approach to judging the budget, namely, by relating total costs to the impact of the Programme on the development programmes of the countries being assisted. While a precise measurement of this relationship was impossible, information could be provided on such indices of results as the amount of investment triggered by UNDP feasibility surveys, the number of trainees in UNDP-supported institutions and the results obtained by the applied research laboratories assisted by UNDP.

138. Responding to other comments and questions, the Assistant Administrator in charge of the Bureau of Administrative Management and Budget stated that the so-called "overhead" expenses of the Programme came from three sources: the UNDP budget, the "overhead" allocations to the executing agencies, and the regular budgets of the United Nations and the agencies. In dealing with this question therefore two prior points had to be resolved: (a) what costs should be met from the regular budgets and what costs from the voluntary funds; and (b) how would "administrative costs", "programme support" and "project costs" be defined. The answers to these questions were a matter of establishing a conventional usage with the agreement of all the users of these concepts, and the guidance of the Council and of the Advisory Committee on Administrative and Budgetary Questions would be most useful. In a broad sense, the pragmatic approach hitherto had been to include in the UNDP budget certain costs, not necessarily administrative in character, which were incurred for a large group of projects or the Programme as a whole and which could not with ease be charged to individual projects. A re-examination of this approach might be useful; it would be quite simple in respect of such expenses as the costs of central motor pools in field offices which might be pro-rated to projects and agencies. The basic question had however to be studied in the wider context already indicated.

139. The Assistant Administrator also made the following points on certain other questions: (a) the amount of the UNDP subvention to the United Nations, including the related question of the principles which should govern such arrangements, would be reviewed with the United Nations as well as other parties such as UNICEF

with a view to seeking the guidance of the Advisory Committee; (b) the grouping of field offices on a semi-regional basis would not only not correspond to the general wishes of recipient Governments but might also undermine the usefulness of the offices which depended on the availability of the Resident Representative and his staff on the spot for continuous liaison and consultations with the Government; and (c) while the suggestion to separate "common staff costs" from section 1 of the budget would be examined, it should be noted that decisions regarding established posts in section 1 practically pre-determined the related common staff costs.

140. In conclusion, the Assistant Administrator referred to the fact that following the merger, almost all aspects of the Programme, its operations and relationships, had come under fresh review, no doubt for valid reasons. Nevertheless, it meant a significant if temporary additional workload for the Council, the secretariat and the executing agencies and perhaps even for the recipient Governments. This development, even apart from the growth of the Programme, would not permit any significant economy, at any rate in terms of 1967. The Administrator had, however, taken steps and would continue his efforts to check, as far as feasible, the trend towards increasing administrative expenses.

141. In the light of the discussion and of suggestions made by members, the following decision was approved by the Council:

"The Governing Council of the United Nations Development Programme,

"Noting the concern expressed by some Council members at the increase in administrative expenses,

"(a) Requests the Administrator to have due regard to the comments of the Advisory Committee on Administrative and Budgetary Questions in its report (A/6593), to do everything possible to rationalize and improve the efficiency of the Programme's operations and to minimize administrative costs, in order to maximize the resources available to help developing countries;

"(b) Approves the estimates of 1967 requirements for administrative and programme support services of UNDP in a total amount of \$14,884,900 (net), as submitted in document DP/L.25 and Corr.1 and comprising the following sections:

Section 1 - Personal services costs	\$11,821,100
Section 2 - Travel and transportation	715,500
Section 3 - Permanent equipment	272,000
Section 4 - Other general expenses	1,857,300
Section 5 - Subvention to the United Nations	219,000
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Total	\$14,884,900
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"(c) Decides that the Administrator may transfer credits between sections only with the authorization of the Governing Council, such authorization to be obtained, if necessary, by canvassing members through correspondence;

"(d) In order to finance these requirements authorizes allocations in amounts of \$9,490,613 (net) and \$5,394,287 (net) respectively from the resources of the Special Fund and Technical Assistance components of the Programme.

CHAPTER V

CONSIDERATION OF UNDP ACTIVITIES

142. Under item 8 of its agenda, the Governing Council considered:

(a) A progress report by the Administrator on project budgeting for the Technical Assistance component of UNDP (DP/TA/L.8);

(b) An interim report by the Administrator on harmonization of administrative and financial policies and procedures (DP/L.24), together with a glossary of terms and abbreviations currently used in UNDP documents (DP/L.24/Add.1);

(c) A report by the Administrator on problems of recruitment and supply of expert manpower for the implementation of UNDP projects (DP/L.27);

(d) A report by the Administrator on UNDP Technical Assistance component programme changes and inter-agency transfers of 1966 allocations for the period 1 April to 30 September 1966 (DP/TA/L.9).

143. Under agenda item 8(a), the Governing Council considered the Administrator's progress report entitled "Project budgeting for the Technical Assistance component of UNDP" (DP/TA/L.8), in connexion with its consideration of the possibility of reaching procedural uniformity in the presentation of projects and programmes. Some members expressed disappointment that the Administrator's consideration of the question had not reached a stage which would permit preparation of a more comprehensive study of the question of project budgeting, although it was recognized that the matter was somewhat more complex than had originally been thought. Nevertheless, some members felt that the Administrator could well have informed the Governing Council of the nature of the proposals he had reviewed with the Inter-Agency Consultative Board, so that the Council would have had an opportunity to comment upon them. It was generally agreed that the Administrator's report to the fourth session on this subject should be as comprehensive as possible and should be made available to members well in advance of the meeting.

144. Regarding the substance of the question, there was general support for the assumptions stated by the Administrator in his progress report; namely, that any proposed system of project budgeting would:

(a) operate within the existing framework of country targets;

(b) enable Governments to request new projects as and when the need occurs and for their entire duration;

(c) provide the Council with an opportunity to review and approve projects and their budgets on an individual basis at each of its semi-annual sessions.

One member felt, however, that no assumptions should be made concerning the framework of project budgeting, particularly with respect to the country targeting system, which should be examined in the light of new developments in the Programme. The Administrator and the Council should approach the question afresh and feel free to examine all possible methods of improvement, and the Administrator's June report, in addition to setting out specific recommendations, should describe the pros and cons of the recommendations.

145. In discussing the various ways and means by which the preparation and approval of UNDP programmes and projects could be improved and unified, the attention of the Council was devoted primarily to the programming procedures of the Technical Assistance component which, in the view of many members, needed re-examination in the light of the merger. A number of suggestions were made concerning the desired objectives of procedural revisions. The Technical Assistance programme, which was designed originally as a flexible programme geared to quick responses to Governments' requests for assistance had, in the view of some delegations, become too rigid, with procedures which were too highly institutionalized. Long-range planning should be encouraged as well as tendencies toward fewer projects of longer duration so that the impact of the Technical Assistance programme could be maximized. The organic relationship between the two component programmes of UNDP should be strengthened, co-ordination of the Technical Assistance programme with other multilateral and bilateral programmes should be facilitated, and screening of the content of requests for Technical Assistance should be provided for. One member observed that the Administrator's progress report did not clarify sufficiently the meaning of "project budgeting" nor was the word "project" defined in this context. He stressed that these omissions needed correction in the promised June 1967 study.

146. Two members stressed the importance of retaining the basic characteristics of the Technical Assistance component. The device of country targets was one such characteristic. In that connexion, they felt that a rationale for the geographical distribution of Special Fund projects should be developed and the Administrator should report on this matter to the Governing Council in due course. Other delegates indicated their opposition to the application of a rigid system for geographic distribution of projects to the Special Fund component.

147. One member suggested that the views of the developing countries themselves should be obtained on the basic aspects of the proposed system of project budgeting. The Administrator indicated that some consultation with developing countries through Resident Representatives had already taken place and that further consultations would be undertaken.

148. In completion of its consideration of agenda item 8(a), the Governing Council took note of the interim progress report by the Administrator.

149. Under agenda item 8(b), the Council considered the interim report by the Administrator (DP/L.24) on harmonization of administrative and financial policies and procedures, which contained proposals for unifying certain procedures and policies; such unification would not, in his judgement, substantively affect the separate characteristics of the two component programmes. Most members of the Council favoured the proposals of the Administrator which related to the status of the financial regulations, to terminology governing "earmarkings" and "allocations", to the acceptance of donations and to the acceptance and administration of trust funds by the Administrator.

150. As regards waivers of local costs, while no question of principle was raised concerning the appropriateness of waivers for Special Fund projects in specified circumstances, a number of members questioned the need for a complete harmonization of the practices followed under the component programmes. The appropriate procedure for recommending and approving waivers in the case of a programme which was approved "en bloc" by the Council at one session, was necessarily different from that

applicable to programmes which were subject to project by project review and approval. In the latter case, which applied to the Special Fund component, advance case by case review of any waiver proposals the Administrator might care to make, should normally be possible. At the same time, it was recognized that circumstances might arise in which, after a particular Special Fund project had been approved, a waiver of local operating costs might be justified. Special procedures could be devised to cover such exceptional cases. Some members felt that the criteria governing the application of local cost waivers should be amplified and clarified, perhaps in connexion with the preparation of the revised Financial Regulations to be reviewed in June 1967. Some members asked that, among the criteria to be developed, factors of financial hardship be included. In this connexion, the Council noted with approval the intention announced by the Administrator to waive the local costs obligations of Botswana for the Technical Assistance programme for the biennium 1967-1968, and to waive the local operating costs in respect of the water resources and agricultural production project (DP/SF/R.3/Add.3) approved for Botswana in the current programme.

151. In connexion with the proposal that the Administrator be authorized to accept and administer trust funds, several members pointed out that at least two types of funds were involved: those in which a Government or Governments provided funds to finance assistance activities in other countries, and those in which Governments paid for assistance which they themselves would receive. In the view of some members, trust funds of the latter type were especially appropriate to finance assistance for countries who attained a relatively advanced stage of development or whose foreign exchange earnings put them in a position to pay for assistance from UNDP. They expressed the hope that, in such cases, the Administrator would, in future, use the trust fund device, or alternatively would require that the bulk of the cost of the assistance be met from counterpart funds, or that recipient countries make offsetting contributions to the general resources of the Programme. In supporting the proposal that the relatively prosperous countries should pay the bulk of the costs of assistance which they received from UNDP, one member stated that the relatively poorer countries should be faced with less rigorous counterpart requirements, and, in appropriate circumstances, should receive consideration for temporary waivers of local cost obligations.

152. It was generally agreed that usually only convertible currencies should be accepted in the case of trust fund payments. It was noted that local currencies might be accepted, to the extent required in the operation of a particular project, and that the Administrator's recommendations on particular trust fund proposals would include a description of the proposed currency arrangements in each case.

153. On completion of its consideration of item 8(b), the Governing Council:

(a) Authorized the Administrator to waive Governments' obligations for local living costs of experts under the Technical Assistance component for temporary periods in the case of countries deemed financially unable to make even a local currency payment, keeping the Governing Council currently informed of waivers granted under this authorization;

(b) Authorized the Administrator to include, in new Special Fund projects submitted for approval by the Council, provision for waivers of local operating costs on such projects, on the basis of the same criteria applied in the Technical Assistance component;

(c) Decided that provision for the acceptance of donations should be made in the Technical Assistance component regulations and that Article 9 of the Special Fund Financial Regulations should be revised and expanded to indicate that:

- (i) The Administrator may accept donations to UNDP from non-governmental sources for purposes consistent with those of UNDP;
- (ii) No limitation may be imposed by the donor on the use of donations - either by a given executing agency, in a given recipient country or for a given project;
- (iii) All donations accepted by the Administrator will be reported for the information of the Governing Council; and
- (iv) Individual donations of a value in excess of an amount to be fixed by the Governing Council shall be accepted only with the prior approval of the Council.

With respect to sub-paragraph (iv) above, the Council decided that the value of donations for which its approval is required prior to acceptance is provisionally set at \$10,000.

(d) Authorized the Administrator to accept and administer trust funds for purposes not inconsistent with the basic aims and purposes of UNDP, subject to the prior approval of the Governing Council in each case.

(e) Took note of the intention of the Administrator to submit the proposed revisions of the UNDP (Special Fund) Financial Regulations consequential on the decisions under item 8 to the fourth session of the Council.

(f) Took note of the glossary of terms and abbreviations (as shown in DP/L.24/Add.1) currently used in UNDP documents.

154. Under item 8(c) of the agenda, the Governing Council considered a report by the Administrator on problems of recruitment and supply of expert manpower for the implementation of UNDP projects (DP/L.27). In his report on this question, the Administrator recalled that the Governing Council had repeatedly expressed its concern about the delay in project implementation attributable to delays in recruitment. The Administrator, sharing these concerns, felt the need for concerted planned action to alleviate recruitment difficulties lest the continuing trend nullify the effect of efforts to obtain increased resources and to meet expanding needs of the developing countries. Under the aegis of the Consultative Committee on Administrative Questions, recruitment officers had met in October 1966 and made a series of suggestions for the improvement of methods of recruitment and identified some other problems needing attention. The Administrator emphasized that, in the report to the Council, he was presenting his own views which were not necessarily the concerted views of the organizations of the United Nations family, although he would be consulting them.

155. The Administrator, in his statement opening the discussion in the Council, underlined the increasing seriousness of the recruitment problem, saying that he was informed that it would be necessary to recruit in 1967 about 4,100 new experts to fill the 8,700 expert posts scheduled in the UNDP-financed and agencies' field

programmes financed from their regular budgets. While recruitment was the responsibility of the specialized agencies, the heads of the agencies shared the concern of the Council and Administrator about the problem. The recruitment problem was particularly acute for the agencies with the larger programmes to execute, for it involved both larger numbers of personnel and a wider variety of fields. The meeting of the Consultative Committee on Administrative Questions had confirmed the Administrator's view that UNDP had to play an increasingly important role in recruitment, in close collaboration with the agencies and the donor and recipient Governments. A unique feature of multilateral assistance through the United Nations family was that it could call upon the skills from both the developed and developing countries. The Administrator emphasized that much could be gained by drawing on the developing countries for experts, as was being done increasingly and should be done even more wherever possible. If the United Nations family failed to meet its responsibilities and opportunities to mobilize well-qualified expert personnel speedily and effectively, it would be failing to meet the needs and hopes of the recipient countries.

156. The Administrator, in his report, said that, in meeting the problem of tapping and better utilization of existing resources of expert manpower, he had in mind a series of measures, including circulating in early 1967 lists of specialists found to be in short supply to Governments most likely to possess such specialists and requesting special measures for releasing some of them for service in the programmes; it would also be useful to identify areas of professional and technical activity in which agencies were seeking personnel with similar qualifications, to improve the interchange of information on sources of recruitment and availability of candidates. For this purpose a consultant had already been engaged. Additionally, the Administrator could consult with agency heads on establishing closer ties with specialized professional organizations, utilizing to a greater extent the national committees where appropriate, and making a new effort to develop the effectiveness of these bodies. Other points for agency consideration were that special attention should be paid to recruitment from the countries of Eastern Europe, Scandinavia and Japan, the encouragement of language training, exploration of the possibility of greater recruitment of female specialists and technicians, and increased attention to subcontracting by private firms or Government agencies. The latter might entail the establishment in UNDP of a central roster of firms and governmental agencies interested in subcontracting.

157. The Administrator reported that he intended to consult with the executive heads of the agencies on the need for closer co-operation to streamline recruitment and strengthen closer ties within agencies between units dealing with programme matters, recruitment and subcontracting.

158. The Administrator recognized that interviews were obviously more satisfactory than correspondence for recruiting, and that advertising could also play a role. In answer to requests for larger funds for supporting recruitment, he would be writing the heads of the agencies to suggest an examination of the allocation of overhead costs to see whether additional resources could be made available for recruitment action, and to consult with them with a view to initiating a study under the aegis of the Advisory Committee on Administrative and Budgetary Questions of all aspects of agency overhead costs with the aim of assigning a larger share of funds to recruitment services.

159. The Administrator reported he was reviewing the problem of conditions of service of operational field personnel and would, in the future, urge the inter-agency consultative organs to take up the matter urgently to consider detailed proposals which he will formulate for their consideration. His report noted there was a need for certain recipient countries to give international experts the courtesy of at least as favourable treatment as bilateral staff in such matters as provision of housing, currency exchange facilities, duty-free importation of cars, appliances, food, beverages, medical supplies and special items required for children.

160. The Administrator noted the obvious link between improving programme policies and procedures to assure greater selectivity of high priority projects, and ensuring the best use of valuable expert personnel to avoid dispersal of efforts on projects not of high priority.

161. The Administrator's report recalled that, upon the request of the Council, he was making a study of future pre-investment needs of the developing countries which should also provide the basis for better estimates of the requirements for supply of expert manpower needed to implement programmes in the years to come.

162. The Administrator said that member countries could greatly assist recruitment through faster and more flexible arrangements for making available qualified personnel from Government service and persuading universities, scientific and technical institutions, and private employers to do likewise. Such arrangements should include protecting the seniority, pension rights, and status of such seconded personnel. Some developing as well as developed countries could strengthen their national committees or governmental units established to assist international recruitment by increasing their staffs and office operations.

163. In his report, the Administrator had referred to the need for increased attention to recruitment in certain countries and areas. He had been reminded by the delegate of the United States in the general debate that the percentage of nationals of that country serving in UNDP field programmes was very low, so it seemed that an increased effort was also required in that case.

164. Recipient countries could help by clearing candidacies for expert posts within a month from receipt of a nomination. Many candidates had been lost because of the reviewing time taken by Governments. Personnel of the quality required for UNDP-financed projects had many other opportunities and would not wait indefinitely for confirmation of employment offers. As his report had stated, recipient Governments could assist by granting experts serving with the United Nations family of agencies conditions at least as favourable as those given certain bilateral programme personnel. Such conditions often play an important role in facilitating recruitment and retention of experts by the agencies.

165. In this connexion, although the Administrator was not raising the question of salaries for field personnel, a matter in the competence of other United Nations bodies, the conditions of service offered by international organizations compared unfavourably with some programmes of bilateral assistance particularly with respect to housing, moving of household effects, educational travel, medical care and other benefits and allowances often termed "fringe" benefits. In summary, the United Nations agencies were not competitive in conditions of service with bilateral assistance programmes. Following completion of the current study of this question, the Administrator would ask the inter-agency consultative bodies to take up urgently the conditions offered for employment in the field.

166. There was general agreement among the members of the Council that the question of recruitment was a most important one for the success of the UNDP-financed projects. Members welcomed the frank and strong language used by the Administrator in describing the problems both in his report and oral statement. Several commended his initiative and leadership not only in bringing the issues to the attention of the Council but also for initiating consultations with the heads of the agencies and stimulating discussion at other levels such as among recruitment officers of the agencies. Many members expressed appreciation at the Administrator's assurances that there would not only be further discussions but regular progress reports on the recruitment problem to the Council in the future.

167. Referring to the compilation of a list of fields in which experts were found by the executing agencies to be in short supply, several members expressed the view that these shortages were real and the situation was aggravated by competition from bilateral programmes which sought persons with the same unusual skills. One member reported that his Government was actively working on remedying this by creating four hundred posts for specialists who would be available for service with the United Nations and by making arrangements for pensions and other benefits that would encourage a sense of security and assist recruitment. Another member pointed out that, as the types of experts sought varied away from past concepts of policy-level advisers, shortages developed at the level of project managers and middle-level technicians. This raised a question for study about the relative effectiveness of the various types of personnel. A number of members, while welcoming the compilation of the rare specialist lists, recommended that they be circulated more widely than the Administrator had suggested, partly for information and partly because specialists might be available in a particular country even though this might not be known to the UNDP Administration. It was suggested that the lists be circulated not only to governmental sources but also to such national committees as were units of recruitment and points of contact. One member suggested that when the rare specialities were identified, more fellowships should be specifically awarded for study in such fields. Some members commented that shortages which often appeared to exist were really attributable to the slow and complex machinery of recruitment, and to the neglect of certain sources of recruitment such as the socialist countries. Another member emphasized that, with respect to experts, there was a need to have greater co-ordination and concentration of effort on the demand side to make more effective the centralization on the supply side provided through national committees or national administrations.

168. Several members welcomed the Administrator's action in appointing a consultant to identify areas of overlap in recruitment when agencies sought personnel with similar qualifications, as well as to examine the possibilities of improving the interchange of information on sources of recruitment and available candidates, and to study greater uniformity in position classifications and recording of applications. An "early warning system" in an agency might advise sister agencies of the forthcoming availability of a candidate about to complete a tour of duty who could be available for transfer. This idea was welcomed by several members, two of whom suggested that the terms of reference of the consultant might be broadened to comprise a wider evaluation of recruitment problems.

169. A number of delegations expressed the opinion that not enough effort was being made to recruit experts from the developing countries. Some pointed out that such personnel could offer particularly useful advice, since they were intimately familiar with the practical and cultural factors in developing countries. One member suggested that the Administrator's report on the future pre-investment needs

of the developing countries should also contain a study of the various aspects of the question of increasing the supply of expert manpower from developing countries. Several members welcomed the Administrator's statements in both his report and speech that he was encouraging such recruitment from developing countries. Many other members welcomed the Administrator's opinion that the agencies should devote increased attention to recruitment in Eastern Europe, Scandinavia and Japan. However, two members complained that the specialized agencies were not making sufficient efforts to recruit in socialist countries, did not send interviewing teams, and rejected too many candidates from those countries. One member said there still was an insufficient number of staff members from socialist countries not only among experts but also in the administration of UNDP. In addition to the small number of posts, there was dissatisfaction on the part of that member with the level of importance of the posts held by citizens of the socialist countries. The hope was expressed that some aspects of this situation would improve following the recent visit to his country of an Assistant Administrator of UNDP who had indicated a willingness to consider sympathetically the candidacies of qualified high-level senior consultants for UNDP missions and explore generally the greater utilization of the technical personnel resources of the country.

170. Several members agreed with the Administrator's recommendation that the national committees should be utilized to the maximum possible extent, and strengthened. Several members, in supporting this view, linked it with the need for establishing closer and more personal ties between the national committees and the recruitment services of the agencies.

171. There was considerable difference of opinion among the members as to the degree of support which UNDP or the agencies should give to language training for experts. Some members welcomed the suggestion in the Administrator's report that steps might be taken to help overcome the language barrier of experts by provision of technical assistance to organize language training. Most expressed doubt that this would be an activity appropriate to UNDP and others pointed out that it would divert funds from field programmes and suggested that national institutions and Governments should cope with the problem of language training. Two members who favoured such training in their national facilities commented that improving language facilities of experts had been successfully combined with briefing on the living conditions and milieu of their future assignments.

172. There was a general welcome accorded by members to the views of the Administrator that an important method of tapping manpower resources for UNDP-financed programmes was an increased use by the agencies of subcontracts with private consulting firms and Governments. Several urged that information regarding the possibility of project contracting should be widely disseminated. Several other members stressed that there should be a wider geographical distribution of contracts while maintaining quality and efficiency. Information on subcontracting should be disseminated both through Governments and national committees. Several members supported the Administrator's announced intention to consult with the executive heads of the agencies on the advisability of UNDP establishing a central roster of interested firms and Governments, which could be brought to the attention of the respective agencies. One member thought that the addition of this or other centralizing measures might tend to further delay implementation of projects.

173. A member reported that consulting firms in his country were prepared to offer without cost the services of some of their experts as a direct result of the information about UNDP activities which they had gained during the second session of the Governing Council held in their country.

174. Several members pointed out that another advantage of subcontracts would be the provision of homogeneous teams who could work together more effectively because of common language, cultural and technical qualifications. One member objected that this might have the effect of barring some of the smaller developing countries from providing experts, since they could not spare full teams from their limited manpower resources.

175. In connexion with finding additional sources of available manpower, one member suggested that the upper and lower age limits usually observed for expert appointments should be extended. An advantage could be gained by associating younger men with more senior experts, which would have the effect of combining earlier implementation of projects with the training of younger experts. Another member felt there was a danger that this might tend to delay or deny training to younger specialists in the developing countries whose training was the first responsibility of UNDP-financed programmes. Some members, while welcoming the measures envisaged by the Administrator, stated that the long-term solution of the problem was dependent upon on-the-spot training of national specialists and technicians by the developing countries themselves. In that context, one member referred in particular to the objectives set forth in the five-year Plan of Action proposed by the Advisory Committee on the Application of Science and Technology to Development (Economic and Social Council resolution 1155 (XLI)).

176. Among the new sources of manpower that might be tapped, several members mentioned the possibility of utilizing more volunteers. These they distinguished from associate experts, pointing out that not only were they made available by donors, private or public, without charge but also served without salary. Many had idealism, enthusiasm and skills that could be used by the developing countries. Moreover, upon return to their homelands after a period of one or two years, they received a considerable amount of publicity in the press which looked for human interest stories. Such publicity could not often be obtained by returning experts or for larger-scale development activities. Some members, however, cautioned that great care would have to be taken in the selection of volunteers in order to ensure that only the right kind of personnel was utilized. Others considered that it was not advisable for the Programme to use the services of volunteers.

177. There were many statements by members of the Council complaining about the slow pace of recruitment procedures in the executing agencies. Most urged more interviewing of candidates by the agencies through the national committees and units charged with recruitment. The need for streamlining procedures was emphasized by many speakers. There was said to be a need for strengthening the agencies' organizational and administrative arrangements for recruitment; one member described the candidates' processing as an obstacle race involving screening by the authorities in his own country, interviews and correspondence with personnel officers and other officials of the agencies, comparison within the agencies with candidates from other countries, and finally selection by the recipient country, sometimes from a panel of names of candidates of other nationalities. This procedure discouraged many candidates. Several members thought the recruitment services could be improved without additional UNDP funds by making administrative improvements. Others suggested that strengthening the recruitment services should be wholly or largely financed from funds other than those of UNDP, that is, from

the regular budgets of the agencies. A number of members requested that the Council be furnished at the June 1967 meeting with a report on agency methods of recruitment.

178. With respect to the request of some agencies for more funds from UNDP to increase their recruitment services and particularly to pay the cost of travel for interviewing, one member pointed out that improvements in recruitment and related services were bound to cost something more, as the experience of his own Government had proven in respect to its own multilateral and bilateral recruitment. Another member welcomed the Administrator's intention to have the question reviewed by the Advisory Committee on Administrative and Budgetary Questions which should give the most careful scrutiny to requests for additional funds for recruitment; he also welcomed the suggestion for the Committee to study the entire overhead costs question. With regard to the suggestion made by the Administrator that UNDP funds would be used to strengthen the recruitment services of the executing agencies, one member expressed his concern at the tendency to meet such expenses entirely from UNDP resources. That member suggested that the attention of the deliberative organs of the executing agencies, in addition to that of the Council, should be drawn to the problem so that measures might be taken to enable them to meet the increasing costs involved in the execution of UNDP projects.

179. Three members complained that agencies did not advertise or apprise the national committees or Government units of all available expert posts, but filled some of them internally, which they felt led to appointments being made on the basis of personal friendship or other factors. Two members asked for a report on the number of experts appointed on the basis of internal recruitment during the past three years.

180. One member expressed concern at the Administrator's suggestion that recruitment required more top-level attention by the heads of programme-operating units and the executive heads of agencies. This member referred to the over-centralization and delays which occurred in one agency in which approval for submitting candidates to Governments could be given only by heads of departments while candidates for posts at P-5 level and above had to be approved by the head of the agency personally.

181. Several members endorsed the Administrator's suggestion that the commencement of operations could be speeded up by eliminating projects of low priority that wasted time in recruitment. Others, viewing the lack of experts, suggested it would become necessary before long to postpone some projects to accord with the realities of the availability of experts to staff them.

182. A member observed that difficulties sometimes arose because of differences in the educational systems of countries, and this factor should be borne in mind by recruitment officers. For example, some recipient countries attached too much importance to the completion of a dissertation for a doctoral degree. Another member observed that there were also difficulties because an academic degree from institutions in certain developed countries and actual experience in such countries seemed almost an essential qualification for an expert. If that continued to be the case, it would militate against the recruitment of competent experts trained in other countries.

183. A number of members complained that an annoying factor in recruitment was the frequent cancellation of posts by recipient countries which occurred after the recruitment process had been undertaken. This caused a waste of time on the part of all concerned and annoyance to the candidates. Several members were of the opinion that such cancellation must usually result from poor planning in the preparation of the Government's request for assistance. Another member observed that if, on the contrary, there could be a long advance notice given of the date for commencement of the assignment of an expert after he has been cleared, this would not only make recruitment easier but would permit the expert to prepare himself better for his tasks as well as improve his language fluency, if that were required.

184. Referring to the Administrator's remarks on the need for improvement in conditions of service, several members expressed agreement that it was necessary to equalize the conditions of service offered by bilateral and multilateral programmes. One member said that there had been a change in the relationship which existed a few years ago which needed to be redressed. Another member, while stating that there should be no discrimination in treatment between the entitlements of bilateral and multilateral technical aid personnel, thought that the United Nations conditions of service were better than the conditions in his country's bilateral programme. He would await with interest the findings of the study being undertaken. One member suggested that the equalization should be accomplished by making new agreements with recipient countries, especially regarding the provision of housing, which was the most difficult problem. Another observed that the multilateral personnel were well enough paid - the key question to be considered was their efficiency. One member felt that the multilateral staff should find their rewards in the publicity and fame which they received from United Nations agency service. Two members pointed out that if the emoluments of experts were increased too markedly, there might result resentment from their counterparts. One member advised the Council that his Government was in the process of equalizing the import and other entitlements of the bilateral and multilateral experts, but this was complicated by the fact that there was considerable variation in their present status based on past circumstances.

185. One member said that as a result of the lack of nationals from the socialist countries in the higher positions among the field and headquarters staffs, some countries were using the UNDP-financed programme to further their own interests rather than to assist the developing countries. This member referred to a team of consultants which, he said, had gone to the capital of a Member State, of which they were all nationals, to seek instructions from the officials of its bilateral assistance programme. In reply, a member stated that his Government gave no instructions to experts who were its nationals, exercised no pressure on the management of UNDP, but did believe in, and practise, co-operation and an exchange of information in the interest of co-ordination and furnishing the most effective assistance to the developing countries.

186. At the conclusion of the discussion of this item, the Administrator stated that he had found the discussion one of the most helpful which he had experienced in the Council or its predecessor bodies. It was clear that all members regarded the recruitment problem as an important one. It was complicated by many facets, as one member had remarked. He agreed on the need to broaden the sources of recruitment, the need for more studies, and the need to draw more experts from the developing countries where many of the most competent experts could be found. It was also clear that all members of the Council agreed that it was necessary to streamline recruitment methods and procedures.

187. As for conditions of service, the Administrator repeated that, in his oral statement, he had not been referring to raising salaries, but to providing housing, import entitlements, facilities and similar benefits for United Nations experts who should have a parity with experts in bilateral programmes. There were almost certainly important potentialities in the large number of volunteers of which members had spoken. Further study was required as to how to realize this potential to supplement the work of the experts. There could be no intention of using any such persons to compete with local national personnel, but rather to fill the pressing needs such as for school teachers. The public relations value of such volunteer personnel should not be overlooked.

188. The Administrator pointed out that when an executing agency was asked to carry out a project, recruitment, like other operational matters, was left to the agency. Therefore, the only UNDP centralization that could be envisaged was one of information. There were a number of ways of finding a uniform method of recruiting experts who today and tomorrow will be in short supply. Nothing gave him more encouragement than the attention to the recruitment problem which was given at the last session of the Inter-Agency Consultative Board where all the heads of agencies agreed that a problem existed; each intended to strengthen his own agency's recruitment service, and he knew that progress was already being made. Recruitment would always be a subject for study by UNDP. He expected to make reports on it at each meeting of the Governing Council. Although not directly a UNDP operational responsibility, it is a matter of common interest between the agencies and UNDP. The responsibility of UNDP, in collaboration with the executing agencies, continued throughout the life of a project. The Administration's intention was to be as helpful as possible since UNDP was in large part financing the projects and therefore had a continuing interest.

189. At the close of the discussion, the Council took note of document DP/L.27 regarding problems of recruitment and supply of expert manpower for the implementation of UNDP projects.

190. Under item 8(d) of the agenda, the Council took note of document DP/TA/L.9 regarding programme changes under the Technical Assistance component.

CHAPTER VI

UNITED NATIONS REGULAR PROGRAMME OF TECHNICAL CO-OPERATION AND UNITED NATIONS PARTICIPATION IN THE DEVELOPMENT PROGRAMME

191. Under item 9 of its agenda, the Governing Council considered, in accordance with the agreed timetable for consideration of United Nations technical assistance activities, the report of the Secretary-General (DP/RP/2) which was introduced by the Commissioner for Technical Co-operation.

192. The Secretary-General's report, in addition to drawing attention to actions taken by the General Assembly and Economic and Social Council which had a bearing on future developments and the direction of United Nations technical co-operation activities, drew attention to the relationships which had been established with the United Nations Conference on Trade and Development and to the establishment of the United Nations programme of assistance in the teaching, study, dissemination and wider appreciation of international law. The report also dealt with questions concerning the United Nations regular programme of technical co-operation. It described, as well, some of the procedures and practices followed by the United Nations in carrying out its responsibilities as an executing agency under the Special Fund component of UNDP, as well as under the Technical Assistance component.

193. There was general agreement in the Governing Council on the value and usefulness of the Secretary-General's report. The continued provision for a regular programme of technical assistance in the regular budget of the United Nations was supported by most of the delegations which participated in the discussion of this agenda item, some proposing an increase in the level of appropriation for this programme, while others supported its maintenance at its present level. The flexibility of the regular programme and its usefulness in planning projects for eventual financing from the Technical Assistance or Special Fund components of UNDP were stressed. One representative reiterated his delegation's earlier position that technical assistance activities should not be part of the regular budget of the United Nations and that it should be transferred to UNDP to be financed by voluntary contributions. He indicated that this position was taken because the regular programme represented a dispersal of resources, that ineffective use of experts was made and that discrimination was practised toward the resources which certain Governments were prepared to make available.

194. In connexion with the question of the adequacy of funds under the regular programme, it was suggested that since the programme had been stabilized at \$6.4 million since 1962 and costs of expert services and related costs had risen, it was inevitable that the services which could be provided under the programme had been considerably reduced. It was agreed that the Secretary-General would make every effort to present information as to the effect of rising costs on the programme at the next session of the Governing Council.

195. The role of interregional advisers and their contribution in carrying forward the objectives of the United Nations programmes of technical co-operation were referred to during the discussion. The Council was informed that the Secretary-General would present a report on the subject to the fourth session of the Governing Council. Comment was also made regarding the role of the Resident Representative of UNDP in the planning and programming of United Nations activities,

and his responsibility in carrying out this function on behalf of the United Nations and in bringing about better co-ordination in the field between the regular programme and UNDP was pointed out.

196. With respect to the Council's consideration of the problems faced by the United Nations as an executing agency, there was general consensus that every effort should be made to reduce the time-lag between approval of a project by the Governing Council and the execution of the plan of operation. It was felt that consideration might be given to fixing a deadline for the signing of plans of operation and should a plan not be signed within the time limit, the Council could be informed of the reasons therefor, and a decision taken to release the funds for use in programming other Special Fund projects. It was felt that every effort must be made to simplify procedures and eliminate bottlenecks. Appreciation was expressed for the candid approach taken by the Secretary-General in his report and several delegations expressed the hope that other participating agencies would present similar reports dealing with their experience as executing agencies, bringing to the attention of the Governing Council problems they encountered in carrying out their responsibilities, including information on the time-lags between the signing of plans of operation and the beginning of actual operations, with an indication of the implementation problems involved. In this way the Council could be made totally aware of changes in procedures which might be required and possible gaps in co-ordination.

197. Several delegations stressed the importance of continuing evaluation of programmes of technical co-operation and indicated that they looked forward to receiving the reports of the three evaluation missions at the Council's next session. The arrangements which were being formulated for future evaluations were endorsed.

198. It was also recommended that the Secretary-General's report (DP/RP/2) should be made available to the Council at its next session, as policy questions would have to be discussed at that time.

199. At the conclusion of its consideration of this item of its agenda, the Governing Council took note of the report of the Secretary-General.

CHAPTER VII

ORGANIZATION AND METHODS OF WORK OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

200. Under item 10 of its agenda, entitled "Ways and means of improving the organization and methods of work of UNDP; question of the establishment of a programme committee", the Council had before it a note by the Administrator (DP/L.26).

201. The Council decided to defer consideration of this matter until a later session.

CHAPTER VIII

CONSIDERATION OF WAYS AND MEANS FOR IMPLEMENTING RECOMMENDATION A.IV.8 OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

202. Under item 11 of its agenda, entitled "Consideration of ways and means for implementing recommendation A.IV.8 of the United Nations Conference on Trade and Development (Gradual transformation of the United Nations Special Fund) (General Assembly resolution 2042 (XX))", the Council had before it a note by the Administrator (DP/L.30), drawing the attention of the Council (DP/L.30, paras. 12-13) to relevant parts of the UNCTAD recommendations on the subject and stating that he assumed no action was necessary at this time "following the creation of a United Nations Capital Development Fund."

203. Some members, referring to the Administrator's note, agreed that no action was necessary at that time. Certain members were of the opinion, however, that the question of the transformation of the Special Fund required further review and believed that the matter could be discussed at subsequent sessions of the Governing Council. In the opinion of some members, the Governing Council remained seized of the question.

204. One member proposed that the Council should invite the Administrator to increase the share of resources devoted to pilot and demonstration industrial and agricultural projects in the current activities of UNDP. Several members supported this proposal and expressed the view that the Council should take due account of resolution 1081 E (XXXIX) of the Economic and Social Council on this matter and should take active steps to increase the number of projects in the field of pilot and demonstration plants. Some other members, however, thought that statements already made by the Administrator, assuring the Council that full consideration would be given to requests for assistance in the field of pilot plants, met the needs of the situation satisfactorily. It was observed that priorities should be decided by recipient Governments themselves and that the initiative should be left to them to seek the aid they needed most. One member advised the Council against trying to establish too many strict priorities, in view of the potential conflicts of priorities which could arise, given the limited resources available to the Programme. Two members thought that discussion of the subject of pilot plants was inappropriate under this item of the agenda.

205. A compromise proposal was then submitted (see para. 206 below) which was generally acceptable to the Council. However, a number of members requested that their reservations relating to the position of their Governments on the UNCTAD resolution be formally recorded in the summary records of the meetings. ^{19/} Two members stated that, while not opposing the text under consideration, in their view the proposal submitted to the Council was unduly complex and ambiguous in some respects.

206. The Governing Council:

(a) Took note of the Administrator's statements contained in particular in document DP/L.30, of the expressed desire of many members of the Council to expand

^{19/} DP/SR.55 and 56.

the activities of UNDP, in conformity with paragraph 1 of Annex A.IV.8 of the Final Act of the United Nations Conference on Trade and Development, in the field of pilot and demonstration plants, as well as of the statements of many members that the resources of the Programme should continue to be allocated in accordance with the requests of Governments and subject to the criteria laid down in relevant resolutions of the General Assembly;

(b) Recalled Economic and Social Council resolution 1081 E (XXXIX) and, in particular, paragraph 8 thereof, with respect to providing a substantial increase in the number of projects which would lead directly to industrial production, including, in particular, the establishment of pilot and demonstration plants, and reaffirmed the guidelines already approved by the Council at its second session as contained in paragraph 103 of its report of that session; 20/

(c) Invited the Administrator to draw the attention of the recipient Governments to the availability of this type of assistance from UNDP.

20/ Official Records of the Economic and Social Council, Forty-first Session,
Supplement No. 11A (E/4219).

CHAPTER IX

ACTION TAKEN BY ORGANS OF THE UNITED NATIONS AND RELATED AGENCIES IN 1966 ON MATTERS RELATING TO THE UNITED NATIONS DEVELOPMENT PROGRAMME

207. Under item 12 of its agenda, the Council had before it a note by the Administrator (DP/L.31 and Add.1-2) drawing its attention to resolutions adopted by the General Assembly, the Economic and Social Council, and by other organs and agencies of the United Nations in 1966, that made reference in their operative paragraphs to the United Nations Development Programme. In this note, the Administrator informed the Council that due account would be taken of the views expressed in these resolutions in carrying out the activities of UNDP.

208. The Council took note of documents DP/L.31 and Add.1-2.

CHAPTER X

DATE AND PROVISIONAL AGENDA OF THE FOURTH SESSION

209. The Council agreed to accept the kind invitation of the World Health Organization to hold its fourth session on the premises of that organization in Geneva. With regard to the dates, the Council agreed that, depending on the result of further consultations between the Administrator and the World Health Organization, the fourth session would convene for a period of three weeks on either 6 or 12 June 1967.

210. At its 56th and 57th meetings the Council, in accordance with rule 8 of the rules of procedure and under item 13 of its agenda, considered the draft provisional agenda for its fourth session. The Council agreed that, in the light of the observations made at these meetings in the course of the discussion of item 13, the Administrator would revise the draft provisional agenda for inclusion in the report.

211. In proposing an additional sub-item under item 6(d) of the agenda regarding the financial resources of UNDP, some members expressed concern at the financial position of UNDP and suggested that the Secretary-General should address an appeal to Governments, on a selective basis if desirable, to increase their contributions so as to reach the target of \$200 million for 1967. The Council requested the Administration to convey this suggestion to the Secretary-General, although some members considered such an appeal to be inappropriate. It was also suggested that the Council should be informed at the next session of the number of projects, if any, which are being held back due to lack of financial resources.

212. The draft provisional agenda, as revised by the Administrator in the light of the Council's comments, read as follows:

1. Opening of the session.
2. Adoption of the agenda and organization of work.
3. Exchange of views in private meetings between the Council and the Administrator on matters relating to UNDP activities.
4. General debate (statements by the Administrator and members of the Council on issues before the Council)

(a) Report on the activities of UNDP in 1966:

- (i) UNDP (Technical Assistance): Activities under the 1965-1966 biennial programme including detailed statistics relating to projects in operation during 1966;
- (ii) UNDP (Special Fund): Status of approved projects as at 31 December 1966;
- (iii) UNDP (Special Fund): Status of completed projects;
- (iv) UNDP (Special Fund): Association of assistance from other sources;
- (v) UNDP (Special Fund): Follow-up investments;
- (vi) Assistance relating to pilot projects;

- (b) Perspectives for activities of the Programme in the coming years:
 - (i) Programming procedures of the Technical Assistance component of UNDP;
 - (ii) 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;
 - (iii) Reports on evaluation made available to the Governing Council in accordance with Economic and Social Council resolution 1151 (XLI).
- 5. UNDP (Special Fund) programme recommendations of the Administrator:
 - (a) Consideration;
 - (b) Approval.
- 6. Administrative and financial matters:
 - (a) Comprehensive statement on financial position of UNDP as at 31 December 1966;
 - (b) Report on the revolving fund (use of the fund to 30 April 1967 and proposed future arrangements);
 - (c) Revision of UNDP (Special Fund) Financial Regulations;
 - (d) Estimates of resources:
 - (i) Statements of contributions as of 30 April 1967;
 - (ii) Study of future Special Fund contingency requirements;
 - (iii) Ways of maintaining the activities of UNDP at least at their present level and of increasing its financial resources.
- 7. United Nations programmes of technical co-operation:
 - (a) Report by the Secretary-General on technical co-operation activities of the United Nations;
 - (b) Consideration of the proposed United Nations regular programme of technical co-operation for 1968.
- 8. Execution of UNDP projects by executing agencies:
 - (a) Recruitment;
 - (b) Plans of operation;
 - (c) Study of the procurement practices of executing agencies, with special reference to sub-contracting;
 - (d) Progress report on co-ordination in the field between representatives of UNDP and representatives of participating organizations.

9. Provisional agenda for the fifth regular session of the Governing Council (rule 8 of the rules of procedure).
10. Date of the next session.
11. Other matters.
12. Draft report of the Governing Council to the forty-third session of the Economic and Social Council.

ANNEXES

ANNEX I

List of delegations

MEMBERS OF THE GOVERNING COUNCIL

Algeria

H.E. Mr. Tewfik Bouattoura,* Mr. Hocine Djoudi**

Australia

Mr. J.C. Ingram,* Mr. J.A. Benson**

Belgium

Mr. J. Woulbroun,* Mr. W. Bittremieux**

Brazil

H.E. Mr. José Sette Camara,* Miss Marine de Barros e Vasconcellos,**
Mr. José Olympio Rache de Almeida,** Mr. Luiz Felipe Palmeira Lampreia***

Bulgaria

Mr. Christo Vladov,* Mr. Dimiter Julev**

Burma

H.E. U Soe Tin,* U Maung Maung Gale,** U Ba Yin***

Cameroon

Mr. Jean-Baptiste Beleoken,* Mr. Elias Bah Chamfor**

Canada

Mr. L.D. Hudon,* Mr. D.C. Bignell,** Mr. Roy W. MacLaren,**
Mr. B.C. Steers,*** Mr. W. Kilfoyle,*** Mr. S.K. Westall***

Ceylon

H.E. Mr. M.F. de Silva Jayaratne,* Mr. Bernard Perera Tilakaratna**

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

Chile

H.E. Mr. José Piñera Carvallo,* Mr. Javier Illanes,**
Mr. Uldaricio Figueroa**

Congo (Democratic Republic of)

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

Denmark

Mr. Bjørn Olsen,* Mr. Børge V. Blønd**

Federal Republic of Germany

Mr. Wilhelm-Guenther von Heyden,* Dr. Heinrich Sartorius,***
Mr. Eberhardt Hoepfner***

France

Mr. Maurice Viaud,* Mr. André Lewin,** Mr. Bernard Pécriaux,***
Mr. Daniel George,*** Miss Anne-Marie Hypsmann***

India

H.E. Mr. Gopalaswami Parthasarathi,* Mr. S.G. Ramachandran,**
Mr. I.S. Chadha,** Mr. K.P. Saksena***

Iraq

H.E. Mr. Kadhim Khalaf,* Dr. Salim A. Saleem,** Mr. Burhan M. Nouri,**
Mr. Abdel Hussein Alisa**

Italy

Mr. Mario Franzi,* Mr. Michelangelo Pisani Massamormile,**
Mr. Giovanni Scolamiero**

Jamaica

Mr. P.W. Aitken*

Japan

H.E. Mr. Isao Abe,* Mr. Kunio Muraoka,*** Mr. Michihiko Ikeda,***
Mr. Mitsuo Watanabe***

Kenya

Mr. O.A. Fakih El Kindy*

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

Liberia

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

Netherlands

Dr. J.H. Lubbers,* Mr. A. van der Goot,** Mr. R.F. Karamat Ali***

Norway

Mr. Leif Edwardsen,* Mr. T.P. Svennevig**

Paraguay

H.E. Mr. Miguel Solano López,* Dr. Víctor Manuel Jara Recalde**

Peru

Dr. Jorge Pablo Fernandini*

Poland

Mr. Władysław Neneman,* Mr. Roman Guła***

Senegal

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

Sweden

H.E. Mr. Sverker Åström,* Mr. Per Anger,** Mr. Richard Sterner,**
Mr. Sixten Heppling,** Mr. Per-Olof Froshell,*** Mr. Lars Wettergren,***
Mr. Mats Bergquist,*** Mr. Thorbjörn Carlsson,*** Mr. Göran Engblom***

Switzerland

H.E. Mr. Bernard Turrettini,* Mr. Max Dahinden**

Thailand

Mr. Anand Panyarachun,* Mr. Klos Visessurakarn**

Tunisia

H.E. Mr. Taiëb Slim,* Mr. Hamden Ben Aissa**

Turkey

Mr. Nazif Çuhruk,* Mr. M. Akşin**

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

Union of Soviet Socialist Republics

Mr. E.N. Makeev,* Mr. A.P. Kovalev,** Mr. M.M. Tarasov,**
Mr. N.I. Alenochkin,*** Mr. M.A. Gorbachev,*** Mr. L.I. Kolesnikov,***
Mr. A.A. Marchenko,*** Mr. R.V. Novikov***

United Kingdom of Great Britain and Northern Ireland

Sir Edward Warner, K.C.M.G., O.B.E.,* Mr. J. Mark, M.B.E.,**
Mr. J.G. Taylor,*** Miss Lucy Deas***

United States of America

Mr. Walter M. Kotschnig,* Mr. Clarence I. Blau,** Mr. Jerrold I. Berke,***
Mr. John A. Birch,*** Mr. Robert W. Kitchen, Jr.,*** Mr. Paul Williams,***
Mr. Arne C. Wiprud***

Venezuela

Dr. John Raphael,* Mr. Gilberto Ignacio Carrasquero**

Yugoslavia

H.E. Mr. Danilo Lekić,* Mr. Ante Skataretiko,** Mr. Zoran Lazarević**

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

OBSERVERS FROM MEMBER STATES

Austria

Dr. W.R. Backes, Dr. Georg Reisch

Burundi

H.E. Mr. T  rence Nsanze

China

Mr. Chang Shen-fu, Mr. David T. Fu

Cuba

Mrs. Esperanza Ballester, Mr. José Raúl Viera Linares

Czechoslovakia

Mr. Jan Mužík, Mr. Luděk Handl

Finland

Mr. Kurt Uggeldahl

Ghana

Mr. J.B. Wilmot
Mrs. A.Y. Aggrey-Orleans

Israel

Mr. Uzi I. Nedivi

Malaysia

Mr. P.S. Lai

Mongolia

Mr. Lutyn Chuluunbaatar

Nepal

Mr. Devendra Raj Upadhyaya

Pakistan

Mr. Rafee Uddin Ahmed

Romania

Mr. Georghe Popa

Singapore

Mr. Tan Siak Leng

Sudan

Mr. Ali A. Sahloul

United Arab Republic

Mr. Abdel Halim Badawi

SPECIALIZED AGENCIES

International Labour Organisation

Mr. F. Blanchard, Mr. F. Abdel-Rahman, Mrs. Maria E. de Lopez

Food and Agriculture Organization of the United Nations

Mr. Oris Wells, Mr. J.P. Huyser, Mr. Donald W. Woodward

United Nations Educational, Scientific and Cultural Organization

Mr. Arthur Gagliotti, Mr. Al Noor Kassum

International Civil Aviation Organization

Mr. J. Hutchison, Mr. C. Jané

World Health Organization

Dr. A. Bellerive, Mr. H. Green

International Bank for Reconstruction and Development

Mr. Federico Consolo, Mr. Vincent Riley

International Monetary Fund

Mr. Gordon Williams

International Telecommunication Union

Mr. V.R. Sundaram

World Meteorological Organization

Mr. K. Parthasarathy

* * *

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. E.V. Piskarev, Mr. Robert Najar

* * *

UNITED NATIONS CHILDREN'S FUND

Mr. Sherwood G. Moe, Mr. John J. Charnow

WORLD FOOD PROGRAMME

Mr. Orhan Barim, Mr. Marc Nerfin

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Mr. Taghi Nasr

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Mr. Robert Muller, Mr. Jorge Viteri de la Huerta

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH

Mr. Gabriel d'Arboussier

SECRETARIAT

United Nations Development Programme

Mr. Paul G. Hoffman, Administrator;
Mr. David Owen, Co-Administrator;
Mr. Roberto M. Heurtematte, Associate 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. Georges Dumontet, Chief, Division for External Relations
and Secretary of the Governing Council;

Department of Economic and Social Affairs

Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs;
Mr. Victor Hoo, Commissioner for Technical Co-operation;
Mr. William R. Leonard, Deputy Commissioner for Technical Co-operation
and Director, Bureau of Technical Assistance Operations.

ANNEX II

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

<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Governing Council ear- marking a/ \$US</u>	<u>Estimate of counterpart contribution a/ by Government \$US</u>	<u>Estimate of total cost of project \$US</u>
1	Afghanistan	Demonstration and training in forest and range improvement	1,140,400	493,000	1,633,400
2	Afghanistan	Regional educational development programme	1,272,100	2,226,000	3,498,100
3	Botswana	Surveys and training for development of water resources and agricultural production	1,022,300	806,000	1,828,300
4	Brazil	Expansion of the work on pesticides at the Biological Institute of Sao Paulo	1,074,700	949,000	2,023,700
5	Burundi	Secondary School Teacher Training Institute, Bujumbura	1,403,900	2,676,000	4,079,900
6	Cambodia	National Hydraulics Laboratory, Phnom-Penh	906,100	389,000	1,295,100
7	Cameroon	Forest and forest industries development	765,700	575,000	1,340,700
8	Ceylon	Management Development and Productivity Centre, Colombo	823,400	604,000	1,427,400
9	Chile	Telecommunication Training Centre, Santiago	1,152,100	1,258,000	2,410,100

a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

DP/SF/R.3			Governing	Estimate of	Estimate
<u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Council ear-</u> <u>marking a/</u> \$US	<u>counterpart</u> <u>contribution</u> <u>by Government</u> ^{a/} \$US	<u>of total</u> <u>cost of</u> <u>project</u> \$US
10	China	National Vocational Training Service for Industry	1,078,700	1,015,000	2,093,700
11	Colombia	Colombian Meteorological and Hydrological Service	1,208,400	4,585,000	5,793,400
12	Colombia	In-plant training programme	1,079,900	4,472,000	5,551,900
13	Costa Rica	National Institute of Apprenticeship(INA), San José	1,249,900	5,031,000	6,280,900
14	Costa Rica	Transport study of the Metropolitan Region of San José	433,100	190,000	623,100
15	Czechoslovakia	Research Computing Centre, Prague	1,244,600	5,333,000	6,577,600
16	Dominican Republic	Survey and development of forest resources	1,140,900	934,000	2,074,900
17	Ethiopia	Mineral survey in two selected areas	1,347,200	836,000	2,183,200
18	Ethiopia ^{b/}	Supplementary assistance to the School for Animal Health Assistants, Debre Zeit	190,400	223,000	413,400
19	Ghana	Management Development and Productivity Institute, Accra	874,500	550,000	1,424,500

^{a/} The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

^{b/} An allocation of \$432,700 for this project was originally approved by the Special Fund's Governing Council at its fifth session in December 1960. See document SF/R.2/Add.7.

<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Governing Council ear-</u> <u>marking a/</u> \$US	<u>Estimate of counterpart contribution</u> <u>by Government</u> \$US	<u>Estimate of total cost of project</u> \$US
20	Greece	Small Industry Development Service	896,200	900,000	1,796,200
21	Guinea	Work-oriented adult literacy pilot project	1,464,900	1,220,000	2,684,900
22	India	Mechanical Engineering, Research and Development Organization, Durgapur	1,045,400	4,840,000	5,885,400
23	India	Mineral development in Madras State	1,020,600	345,000	1,365,600
24	Iran	Research Centre for Industrial and Trade Development	1,058,900	1,560,000	2,618,900
25	Iraq	Institute for Applied Research on Natural Resources, Abu-Ghraib	880,800	860,000	1,740,800
26	Jamaica	Forestry development and watershed management in the upland regions	945,200	784,000	1,729,200
27	Jamaica	Assistance in physical development planning	439,300	618,000	1,057,300
28	Jordan	Faculty of Science, University of Jordan, Amman	978,300	2,454,000	3,432,300
29	Jordan	Centre for Industrial Development, Amman	1,153,100	532,000	1,685,100
30	Kenya	Operational research on human and animal trypanosomiasis eradication in the Nyanza and Western Provinces	1,211,600	1,945,000	3,156,600
31	Kenya	Pilot irrigation scheme, Kano Plain	778,600	2,493,000	3,271,600

a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Governing</u> <u>Council ear-</u> <u>marking a/</u> <u>\$US</u>	<u>Estimate of</u> <u>counterpart</u> <u>contribution</u> <u>by Government</u> <u>a/</u> <u>\$US</u>	<u>Estimate</u> <u>of total</u> <u>cost of</u> <u>project</u> <u>\$US</u>
32	Libya	National Institute of Public Administration, Tripoli	1,520,500	2,430,000	3,950,500
33	Malaysia	Pilot plantations for quick-growing industrial tree species	823,200	1,094,000	1,917,200
34	Malaysia	Telecommunication Training Centres (Phase II)	683,600	677,000	1,360,600
35	Mexico	Fishery research and development project	1,670,900	1,965,000	3,635,900
36	Mexico	Research on paralytic rabies, Palo Alto	867,800	393,000	1,260,800
37	Morocco	Potash exploration in the Khemisset Basin	1,280,200	2,212,000	3,492,200
38	Nicaragua	Groundwater investigations in the Central Pacific Coastal Region	754,400	621,000	1,375,400
39	Niger	Mineral exploration in two areas	980,700	491,000	1,471,700
40	Pakistan	Feasibility studies for the construction of a maritime port on the Pussur River, East Pakistan	652,000	150,000	802,000
41	Peru	National Centre for the Development of the Food Industry, La Molina	1,404,700	1,342,000	2,746,700
42	Philippines	Meteorological training and research, Manila	980,600	1,083,000	2,063,600
43	Republic of Viet-Nam	Offshore fishery development	1,103,800	336,000	1,439,800

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<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Governing Council earmarking a/</u> \$US	<u>Estimate of counterpart contribution by Government a/</u> \$US	<u>Estimate of total cost of project</u> \$US
44	Romania	Industrial Management Training and Development Centre, Bucharest	1,882,500	3,118,000	5,000,500
45	Saudi Arabia	Telecommunications and Broadcasting Training Centre, Jeddah	1,081,400	3,810,000	4,891,400
46	Singapore	Pig and Poultry Research and Training Institute, Sembawang	1,049,400	1,531,000	2,580,400
47	Somalia	Training Centre for Hides, Skins and Leather Development, Mogadiscio	731,600	275,000	1,006,600
48	Sudan	Agricultural development in the Jebel Marra area	1,585,200	3,950,000	5,535,200
49	Sudan	Demonstration and marketing research for improved hides, skins and leather production	411,500	454,000	865,500
50	Syria	Euphrates pilot irrigation project	1,390,100	600,000	1,990,100
51	Thailand	Strengthening soil survey and land classification	1,055,800	1,594,000	2,649,800
52	Trinidad and Tobago	Agriculture and forestry training at the Eastern Caribbean Farm Institute, Centeno	695,000	1,145,000	1,840,000
53	Tunisia	Experiments and demonstration on the production of selected tree crops, forage and livestock	1,916,900	3,878,000	5,794,900
54	Turkey	Occupational Safety and Health Centre, Ankara	713,700	761,000	1,474,700

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<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	<u>Governing</u> <u>Council ear-</u> <u>marking a/</u> \$US	<u>Estimate of</u> <u>counterpart</u> <u>contribution</u> <u>by Government</u> \$US	<u>Estimate</u> <u>of total</u> <u>cost of</u> <u>project</u> \$US
55	Turkey	National Telecommunica- tion Training Centre, Ankara	1,432,300	3,059,000	4,491,300
56	Uganda	Development of the beef cattle industry	1,377,600	696,000	2,073,600
57	United Arab Republic	Engineering and Industrial Design Development Centre, Nasser City	1,035,100	1,224,000	2,259,100
58	United Arab Republic	Occupational Safety and Health Institute, Heliopolis	796,000	2,690,000	3,486,000
59	United Republic of Tanzania	Forest industries development planning	769,900	500,000	1,269,900
60	Yemen	Survey of the agricultural potential of the Wadi Zabid	914,300	450,000	1,364,300
61	Yugoslavia	Regional Plan for the South Adriatic Region	1,114,400	1,865,000	2,979,400
62	Zambia	Forest industries feasibility study	805,800	951,000	1,756,800
63	Zambia	Small-scale irrigation development and training	625,600	1,000,000	1,625,600
64	Regional (Congo (Brazzaville), Dahomey, Ethiopia, Ghana, Ivory Coast, Liberia, Mali, Mauritania, Morocco, Niger, Sierra Leone, Tanzania, Uganda and Upper Volta)	African Development Bank: Pre-investment Unit	2,993,000	1,908,000	4,901,000

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DP/SF/R.3 Add.	Country	Project title	Governing Council ear- marking a/ \$US	Estimate of counterpart contribution by Government ^{a/} \$US	Estimate of total cost of project \$US
65	Regional (Algeria, Mali, Niger and Tunisia)	Trans-Saharan road study	236,400	54,000	290,400
66	Regional (Kenya, Uganda and the United Republic of Tanzania)	Immunological research on tick-borne cattle diseases and tick control	554,800	293,000	847,800
67	Regional (Guinea, Mali, Mauritania and Senegal)	Navigability and port studies on the Senegal River	1,314,300	576,000	1,890,300
68	Regional (Kenya, Uganda and the United Republic of Tanzania)	Rail and road transport studies	675,000	200,000	875,000
69	Regional (Argentina, Bolivia, British Honduras, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago and Venezuela)	Latin American Institute for Economic and Social Planning, Santiago (Phase II)	4,808,400	1,880,000	6,688,400

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<u>DP/SF/R.3</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	Governing Council ear- marking a/ \$US	Estimate of counterpart contribution by Government ^{a/} \$US	Estimate of total cost of project \$US
70	Regional (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama)	Central American Institute of Public Administration, San José	1,344,900	3,334,000	4,678,900
71	Regional (Afghanistan, India, Iran, Laos, Malaysia, the Republic of Viet-Nam, Singapore and Thailand)	Institutional support for the Asian Highway	1,466,800	950,000	2,416,800
			<u>78,781,300</u>	<u>107,236,000</u>	<u>186,017,300</u>

^{a/} The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

ANNEX III

Revision of the Financial Regulations of the UNDP (Special Fund)
(DP/SF/2/Rev.2) a/

TEXT OF THE REVISIONS APPROVED BY THE GOVERNING COUNCIL OF THE
UNITED NATIONS DEVELOPMENT PROGRAMME AT ITS THIRD SESSION

Article 24 - Accounts and Financial Reports

- Article 24.3 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 Special Fund account, the UNDP revolving fund b/ and the UNDP administrative budget;
 - (ii) reports on the overall consolidated financial position of the Special Fund;
 - (iii) reports on the collection of voluntary contributions, counterpart contributions in cash and payments toward local operating costs.
- Article 24.4 The Controller of the United Nations shall prepare and certify as correct the annual accounts showing the status of the Special Fund account, the UNDP revolving fund b/, 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 Special Fund account, the UNDP revolving fund b/ 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.
- Article 25.3 The annual accounts showing the consolidated financial position of the Special Fund, with audit certificate from the United Nations Board of Auditors and their report, if any, shall be transmitted to the Governing Council and to the United Nations General Assembly by the Administrator.

a/ See paragraph 119 above.

b/ The UNDP revolving fund was established by the UNDP Governing Council at its second session (E/4219, para. 153) and is being administered in the manner provided for in the revised financial regulations as proposed in document DP/SF/L.9 pending definitive decisions on those regulations by the Council (see paragraph 118 above).

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