



UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

SECOND SESSION

(8-24 June 1966)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FORTY-FIRST SESSION

SUPPLEMENT No. 11A

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NOTE

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

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**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS
FORTY-FIRST SESSION**

SUPPLEMENT No. 11A

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

**Report to the Economic and Social Council on its second session
(8-24 June 1966)**

INTRODUCTION

1. The Governing Council held its second session at the International Fair in Milan, Italy, from 8 to 24 June 1966.
2. The present report was adopted by the Governing Council at its 39th meeting, on 24 June 1966, for submission to the Economic and Social Council at its forty-first session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

CHAPTER I

OPENING OF THE SESSION

3. The Governing Council convened on 8 June 1966 under the presidency of Mr. Mario Franzini (Italy). His Excellency Mr. Amintore Fanfani, Minister for Foreign Affairs of Italy and President of the General Assembly for the twentieth session, inaugurated the second session on 10 June.
4. The Administrator of the United Nations Development Programme (UNDP) read the following message addressed to the Council through the Secretary-General of the United Nations by His Holiness Pope Paul VI:

"We have learnt that the Governing Council of the United Nations Development Programme is to meet in the near future at Milan for its second session. On this occasion We are pleased to send it a message of respectful sympathy and encouragement.

"The United Nations Development Programme, carrying on the work formerly financed and administered by the Expanded Programme of Technical Assistance and the Special Fund, is bending its efforts to expedite the economic and social development of backward countries. How can We not but rejoice to see competent and responsible men joining together to pool the resources given to them by the international community of nations for the purpose of promoting the physical, intellectual and spiritual progress of the less favoured of its members?

"It is, in fact, man as one complete entity whom development seeks to improve harmoniously, and there is therefore a threefold hunger to be satisfied, at a time when needs and anxieties are daily becoming more urgent. The United Nations Development Programme has an increasingly clearer grasp of this physical, intellectual and spiritual poverty, and the will to remedy it. If this is to be done, however, the whole world must become aware that poverty is not only an intolerable evil for its victim, but must also be so considered by every man worthy of the name. Man must indeed be enabled to survive, but he must also be given the means of living fully, as a person capable of founding a family and giving his children a satisfactory upbringing; these are the tasks that call for the disinterested help of all men of good will, surpassing all differences of nation, race, culture and religion. Moreover, the man of today ought to become more convinced of this as each day passes; it is his own existence that is at stake, and not optional assistance and emergency aid. All human resources must be mobilized, and it is not enough to give of one's possessions; one must give the best of oneself. The peace to which the world aspires will be built only at this price because, as has rightly been said, 'development is the new name for peace'.

"These are the thoughts with which the forthcoming meeting at Milan inspires Us and which We thought it helpful to communicate to you, in Our desire to spare no effort to achieve, with the fruitful co-operation of all men of good will, peace in truth, justice, charity and freedom.

"It is in this spirit that We pray with all Our heart that an abundance of divine blessings may be bestowed upon you, upon Mr. Paul G. Hoffman, Administrator of the United Nations Development Programme, and upon all those participating in this session."

5. In his inaugural address to the Council, the Minister for Foreign Affairs stated that he was welcoming the Governing Council to Italy in his double capacity as Italian Minister for Foreign Affairs and President of the General Assembly for the twentieth session.

6. In his capacity of President of the General Assembly, Mr. Fanfani recalled that it was at the twentieth session of the Assembly, in 1965, that the United Nations had decided on the merger of the Expanded Programme of Technical Assistance and the Special Fund, thus launching the United Nations Development Programme. The birth of the Programme had been a difficult one and he had been particularly glad to see that it had been possible to reach unanimous agreement on the composition of the Governing Council. The results could not have been otherwise, since the distinction between industrialized and developing countries was not of importance in so far as the work of the Council was concerned. When the United Nations gave technical assistance, no conflict of interests was possible; all members joined in a common effort towards economic progress and peace. The co-ordinated economic and social programme of the international community was considered the best guarantee of international security. However, neither the strength nor the means for such a programme appeared to be sufficient for that important task. This was the meaning and the reason for the urgency of the appeal which the Head of the Catholic Church had directed from Bombay to all countries, to devote a part of their expenditure on armaments to increasing the funds available for the progress of under-developed areas.

7. In his capacity of Minister for Foreign Affairs of Italy, Mr. Fanfani recalled that the Pope's noble appeal had been echoed by his Government at Geneva in the Conference of the Eighteen-Nation Committee on Disarmament, as well as in the General Assembly at its twentieth session. He emphasized that the Italian Government had been and still was ready to enter into an agreement signed by all States, or at least by many, to lead towards the goal so solemnly declared to all humanity in Bombay.

8. By inviting the Governing Council of UNDP to meet in Italy, the Italian Government had wished to give new proof of the interest with which it followed all efforts towards the achievement of the goals of the Programme. In addition, it had appeared to the Italian Government that UNDP would gain by becoming better known to the Italian public, in particular in the most important financial, economic and industrial centre of Italy - Milan.

9. It was precisely this constantly growing approval by Italian public opinion which had permitted a gradual increase of the Italian Government's participation in efforts to assist developing countries.

10. Italy had, for example, increased its contributions to the fund for assistance to African countries and Madagascar of the European Economic Community as well as to multilateral financial institutions, such as the International Bank for Reconstruction and Development, the International Development Association, the Asian Development Bank and the Inter-American Development Bank. In addition, Italian direct bilateral aid to developing countries had risen from a total of \$429 million in 1964 to \$477 million in 1965, an increase of 11.2 per cent, and a still more significant rise - as well as an improvement in terms for loans and gifts - was foreseen for 1966. Of the total 1965 aid, about 8 per cent went to the countries of Asia, 29.7 per cent to Africa, and 30.5 per cent to the countries of Latin America.

11. In the private domain also (by means of loans, investments and export credits) the Italian contribution had increased significantly in the last few years in Asia and in Africa. He assured the Council that this effort would be even further accentuated, not only in the field of financial aid but also in that of technical assistance.

12. In the ways which he had described, Italy had proven that it wished to support the efforts of the United Nations. Its own effort would also continue in the future, for Italy was convinced that international order, liberty and peace would flow from progress in justice.

13. One of the principal tasks of the second session of the Governing Council was to put the finishing touches to the structure of the Programme whose foundation had been laid in New York with the adoption of General Assembly resolution 2029 (XX). All those who participated in the carrying out of the Programme were present in the conference hall: the representatives of the net contributors and of the beneficiary countries, senior officials of UNDP, and the representatives of the specialized agencies. Mr. Fanfani expressed the conviction that all members of the Council would work in the same harmony which had characterized the first session and would carry out to the complete satisfaction of all the mandate which had been entrusted to it. He addressed to the Council his best wishes for fruitful work and a pleasant stay in Milan, and invited chiefs of delegations to Rome, as guests of the Italian Government, immediately after the closing of the session.

CHAPTER II
ORGANIZATION OF THE SESSION

Attendance

14. The list of duly accredited representatives to the second session is attached as annex I.

Agenda

15. The agenda adopted for the second session was the following:

1. Opening of the session.
2. Adoption of the agenda.
3. Election of the Third Vice-President.
4. Exchange of views between the Council and the Administrator in private meetings on questions arising in connexion with the Programme.
5. Consideration of UNDP programme activities and recommendations:

Programme activities:

- (a) Statement by the Administrator (DP/L.20/Rev.1);
- (b) Report on the activities of UNDP (DP/L.15 and Corr.1), and //

Addenda to the report:

- (i) Status of Special Fund projects as at 31 December 1965 (DP/L.15/Add.2);
- (ii) Status of the Technical Assistance programme for 1965-1966 as at 31 December 1965 (DP/L.15/Add.1 and Corr.1);
- (c) Report on pilot plants (DP/SF/L.4 and Corr.1);
- (d) Report on reimbursable assistance (DP/SF/L.5);
- (e) Report on Technical Assistance programme changes in 1965 and in the first three months of 1966 (DP/TA/L.1);
- (f) Report on Technical Assistance contingency authorizations in 1965 and in the first three months of 1966 (DP/TA/L.2 and Add.1);

Programme recommendations:

Programme recommendations of the Administrator: UNDP (Special Fund) (DP/SF/R.2, DP/SF/R.2/Add.1-11, DP/SF/R.2/Add.12 and Corr.1, DP/SF/R.2/Add.13-38, DP/SF/R.2/Add.39 and Corr.1, DP/SF/R.2/Add.40-49, DP/SF/R.2/Add.50 and Corr.1, DP/SF/R.2/Add.51-57).

6. Financial questions (DP/L.16; DP/SF/L.8):
 - (a) Contributions (DP/SF/C/L.5, DP/SF/C/L.6; DP/TA/C/L.5, DP/TA/C/L.6);
 - (b) Proposed revisions in financial regulations (DP/SF/L.6, DP/SF/L.7);
 - (c) Proposed revised arrangements for meeting preparatory and contingency requirements (DP/L.17).
7. Organizational matters (DP/L.18 and Add.1):
 - (a) Question of an ad hoc meeting of the Council in November 1966 (E/4150, para. 122 (a));
 - (b) Basic principles, organization and methods of work of UNDP and the Governing Council, including the desirability of establishing special committees, such as a programme committee - Methods of facilitating Council consideration of documentation of projects and programmes (E/4150, para. 122 (b));
 - (c) Possibility of reaching procedural uniformity in the presentation and approval of projects and programmes (E/4150, para. 122 (e));
 - (d) Ways of enabling the Council to be fully informed of the size and composition of the regular technical assistance programmes of the participating agencies (E/4150, para. 122 (g));
 - (e) Possibility of arranging consultations between the officers of the Council and the members of the Inter-Agency Consultative Board (E/4150, para. 122 (h)).
8. Review of the provision of operational personnel under the Expanded Programme of Technical Assistance (General Assembly resolution 1946 (XVIII)) (DPTA/1 and Add.1).
9. Report of the Secretary-General on the expanded scheme for using associate experts on United Nations technical co-operation programmes (DP/RP/L.2/Rev.1).
10. United Nations programmes of technical co-operation:
 - (a) Statement by the Commissioner for Technical Co-operation (DP/RP/L.4);
 - (b) Report by the Secretary-General on technical co-operation activities of the United Nations (DP/RP/1 and Add.1-4);
 - (c) Report by the Commissioner for Technical Co-operation on time-table for consultation and approval of the United Nations regular programme of technical co-operation (E/4150, para. 122 (f)) (DP/RP/L.3).

11. Consideration of ways and means of 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.19).
12. Provisional agenda for the third regular session of the Governing Council (rule 8 of the rules of procedure).
13. Date of the third regular session.
14. Draft report of the Governing Council to the forty-first session of the Economic and Social Council.
15. Other matters.

Summary records of meetings

16. The summary records of the meetings of the second session were issued as documents DP/SR.20-39.

Election of the Third Vice-President

17. As the officers of the Governing Council for 1966 had been elected by the Council at its first session before the adoption of its rules of procedure, the composition of the "bureau" did not comply with rule 11, which provides for the election of a Third Vice-President. At the first meeting of its second session (20th meeting of the Council), the Governing Council elected Mr. W. Natorf (Poland) as its Third Vice-President for 1966.

Private meetings

18. At the first meeting of the second session, the President referred to the consensus of the Council at its first session that measures should be taken to facilitate a frank and detailed exchange of views between the members of the Council and the Administrator on questions arising in connexion with the Programme. Pending the Council's decision in respect of such measures at its second session, the Administrator - in complete agreement with the President and other officers of the Council - had held consultations with members of the Council to discuss whether they would be in favour of holding a number of private meetings for the purpose at the beginning of the session. It was made clear that the private meetings would be attended by all members of the Council. The consultations had clearly shown a general consensus in favour of the experiment of holding private meetings. The Council held five such private meetings at the beginning of the second session.

CHAPTER III

UNDP PROGRAMME ACTIVITIES AND PROGRAMME RECOMMENDATIONS

19. Under item 5 of its agenda, the Governing Council considered:

(a) A statement by the Administrator (DP/L.20/Rev.1);

(b) A report by the Administrator on the activities of the United Nations Special Fund and the Expanded Programme of Technical Assistance in 1965 (DP/L.15 and Corr.1, DP/L.15/Add.1 and Corr.1, DP/L.15/Add.2). Part I of the report provided a general review of the activities of the Special Fund, the Expanded Programme and related programmes of technical assistance in 1965; part II described the nature and effects of field work carried out in 1965 under the two programmes and gave examples of a number of typical projects; part III summarized the major financial and administrative developments in the two programmes during 1965. Supporting statistical data were given in the annex to the report. Addendum 1 to the report contained statistical data relating to all projects which were in operation in 1965 under the Expanded Programme of Technical Assistance; addendum 2 showed the financial status of Special Fund projects as of 31 December 1965.

(c) A report by the Administrator on UNDP (Special Fund) pilot and demonstration plants as pre-investment (DP/SF/L.4 and Corr.1);

(d) A report by the Administrator on UNDP (Special Fund) assistance on a refundable basis (DP/SF/L.5);

(e) A report by the Administrator on Technical Assistance programme changes in 1965 and in the first three months of 1966 (DP/TA/L.1);

(f) A report by the Administrator on Technical Assistance contingency authorizations in 1965 and in the first three months of 1966 (DP/TA/L.2 and Add.1).

20. Under item 5, the Council also considered the UNDP (Special Fund) programme recommendations of the Administrator (DP/SF/R.2, DP/SF/R.2/Add.1-11, DP/SF/R.2/Add.12 and Corr.1, DP/SF/R.2/Add.13-38, DP/SF/R.2/Add.39 and Corr.1, DP/SF/R.2/Add.40-49, DP/SF/R.2/Add.50 and Corr.1, DP/SF/R.2/Add.51-57).

A. UNDP PROGRAMME ACTIVITIES

Statement by the Administrator

21. The Administrator opened his report by expressing to the Italian Government the thanks of the entire UNDP secretariat for the excellent facilities provided for the first European session of the Governing Council. The business before the Council was of crucial importance to further economic and social progress.

22. Referring to the report on the activities of the Expanded Programme of Technical Assistance and the Special Fund in the year immediately preceding their merger into the United Nations Development Programme, the Administrator stressed that much of the credit for the progress which it recorded lay with the Governments of recipient countries for their strenuous efforts to meet their commitments, and with the agencies for continuing to improve their capabilities for handling a growing work-load. Closer inter-agency relationships made an important contribution to this improvement.

23. The Administrator went on to emphasize his staff's reliance upon the guidance of the Governing Council as to the steps necessary for achieving the degree of integration between the Technical Assistance and Special Fund components which would allow the most effective, flexible and rapid response to government needs. The staff would then seek the best means of instituting whatever changes were required fully to realize the inherent benefits of the merger. In the meantime the Administration was keeping the Programme under constant review to make certain that its limited resources would produce maximum benefits.

24. As an example of this review process, the Administrator mentioned a study of pre-investment sector support for training institutions. This study revealed that insufficient emphasis was being given to training in the field of agriculture and that projects in this area tended to be excessively concentrated on instruction at the professional level while containing an insufficient extension-worker component. In future, a greater multiplier effect was to be sought, both through a greater degree of inter-disciplinary agricultural instruction and through increased agricultural demonstration activities by extension workers. This problem was being taken up with the Food and Agriculture Organization of the United Nations (FAO), as well as with the Resident Representatives.

25. Turning to the matter of industrial development, the Administrator welcomed the international machinery now in the process of creation, which would give a major new impetus to progress in this area in the remaining years of the United Nations Development Decade.

26. While both the technical assistance and pre-investment sectors already contributed substantially to creation of the necessary industrial infra-structure and manpower resources, the Administrator had for some time advocated a much greater volume of projects with a direct impact upon industrial production. In the Administrator's view, the range of pre-investment and feasibility studies concerned with agriculture and natural resources should at least be matched, both in quality and numbers, by feasibility studies leading directly to the establishment of productive industries.

27. On the question of industrial pilot plants, the Administrator drew the Council's attention to a paper, prepared at its request, dealing with concepts of pilot and demonstration plants. The UNDP contribution to such projects should be of the order of approximately \$1 million each, an amount that should help initiate a number of industries previously held back by lack of financing needed for the first organizational, managerial and technological steps towards manufacturing activity. The Administrator at the same time assured the Council that no component of any such undertaking which could be financed by the International Bank for Reconstruction and Development (IBRD) and its affiliates - or by other institutions - would be handled by UNDP.

28. Turning to the problems of implementing such pilot projects, the Administrator was convinced that sole reliance could not be placed upon the recruitment of individual experts. It would be essential to have recourse to organizations with first-hand knowledge and experience in industrial production. This matter required the most urgent attention of the executing agencies concerned.

29. New requests for UNDP assistance to industrial pilot plants in Africa and Latin America were already under study, and there were indications that help would be sought in a wide variety of fields ranging from food processing and fertilizer production to the building materials and metal industries. The provision of assistance to countries for requests in such vital fields would, the Administrator added, call for rather substantial additional resources for UNDP.

30. The Administrator emphasized that interest continued to grow in other projects for promoting industrial development - some of which represented extensions of traditional fields of activity, of which agro-industrial planning and the strengthening of the extension service department of a medium-industry bank were examples.

31. Effective working relations with the Centre for Industrial Development had encouraged and stimulated many of these activities. Jointly supported field missions were being organized to improve the flow of sound priority requests for UNDP assistance in industrialization. The Programme and the Centre at present had under active study requests from a number of countries both for individual consultant services and for large-scale economic and market studies. A strong field network of industrial advisers covering almost every developing country and established by the Centre for Industrial Development and the United Nations Organization for Industrial Development (UNOID) would, in the Administrator's opinion, be greatly beneficial in helping developing countries to evaluate national industrial policies, programmes and requirements.

32. The development of marketing services, the raising of export earnings through assistance to all aspects of export promotion, and the promotion of tourism were other fields touched upon by the Administrator as increasingly important areas of current as well as of anticipated activity. The UNDP was ready to be actively associated with the United Nations Conference on Trade and Development (UNCTAD) in its endeavour to improve the trading position of the developing countries. The UNDP was keenly aware of the importance of assistance which had potential for rapidly producing revenue.

33. Referring to the "plan of action" recommended by the Advisory Committee on the Application of Science and Technology to Development, the Administrator indicated that the activities of UNDP already encompassed most of the major problem areas upon which the Committee had called for "concerted attack". He foresaw an even greater future role for UNDP in this sector.

34. Turning to the matter of evaluating the activities of UNDP, the Administrator indicated that the findings of the Programme's evolving system of reporting and evaluation had been confirmed by the country evaluation teams operating under Economic and Social Council resolution 1042 (XXXVII). Discussions already begun with the United Nations Institute for Training and Research (UNITAR) were exploring the possibility that the Institute might produce "methodological guide-posts".

35. An improved system of periodic reporting by the Resident Representatives had also recently been instituted. Under this system information fundamental to planning, operational control and the evaluation of impact would be available on a more systematic and continuous basis.

36. The Administrator also referred to efforts at improving the content and presentation of final reports on pre-investment sector projects as well as to new measures that would bring those reports to the attention of interested parties. Important progress had been made in this matter, and copies of two examples of final reports were available to Council members.

37. Referring next to the field services of UNDP, the Administrator paid tribute to the field staff's dedication to the larger interests of their countries of assignment. Resident Representatives were being increasingly recognized as "consulting architects" of national development and were forming increasingly close relationships with agency field representatives.

38. Addressing himself to the question of follow-up financing, the Administrator drew the Council's attention to the increasingly productive relationships between UNDP and financing institutions. Many UNDP projects called for large-scale, long-term financing of a kind usually obtained from public sources. Fortunately, a growing number of multinational financing organizations were actively seeking such investment opportunities in the low-income countries. Other projects, including, for example, research institutes, were conducive to more limited investment of a type appealing to national development banks and private investors. Here the Resident Representatives were being encouraged to take up with the appropriate governmental services the question of subsequent UNDP assistance in attracting follow-up financing, for example in the form of financial advisers.

39. The Administrator informed the Governing Council that between 31 December 1965 and 30 April 1966 reports of \$148.5 million of additional investment had been received. The total of such investment associated with only twenty-seven projects was now no less than \$1,216.5 million, of which \$373 million was domestic capital and \$844 million external.

40. Turning to issues which appeared to call for specific action by the Council at its second session, the Administrator referred to the question of provision for refundable assistance, on which a report was before the Council, and to the proposal for a revolving fund. This new fund would allow the Administration to meet continuing contingency requirements from one fund instead of two, thus gaining greater flexibility. The Administrator further recommended very highly that preliminary operations on certain exceptionally urgent projects should be financed from this fund prior to their approval by the Governing Council.

41. With regard to organizational matters, the Administrator and his staff looked forward eagerly to the Council's deliberations on many aspects of programme harmonization, simplification and streamlining during the current and subsequent sessions. They were particularly interested in learning how the Council envisaged the time-table and agenda for its future sessions.

42. The Administrator then turned to the problem of increasing the international flow of resources for development and of the role of UNDP in this regard. It was the Administrator's view that the net flow of such resources to the poorer

countries should be raised by 1970 from the present \$6,000 million to \$14,000 million a year. Though this increase seemed high, it was the Administrator's belief that an annual increase of "soft loan" disbursements by \$1,000 million and of pre-investment by \$500 million would generate an additional yearly flow to the developing countries of \$6,500 million in conventional and bankable loans.

43. The financial situation confronting UNDP stood, the Administrator stressed, almost at the heart of this over-all picture. Unless the \$200 million contributions target established by the General Assembly was met for 1967, the Programme would not be able to meet in full its particular responsibilities. Even if the present contributions target were achieved, the number of projects which could be approved by the Programme in 1967 would be less than those approved for 1966.

44. In conclusion, the Administrator reaffirmed the belief that the global war on want was a political, economic and moral necessity, and that it must not be allowed to fail.

Summary of discussion

45. Members of the Council expressed appreciation of the statement made by the Administrator.

46. The Council also welcomed the comprehensive nature of the documentation which had been provided. One representative hoped that the practice of distributing major papers sufficiently in advance would be continued. Another made particular reference to the papers that had been prepared on policy questions and said that the need for such papers would continue if the Council was to discharge its responsibilities. He hoped that the Administrator would make appropriate staff arrangements to facilitate their preparations.

47. There was general agreement that the series of informal meetings held at the opening of the session had provided a useful opportunity for a frank exchange of views on aspects of the Programme. Several representatives thought the exchanges had been very instructive and fruitful and hoped that the arrangement, in the same form or with suitable adaptation, would become a permanent feature of the future sessions of the Council. Another representative expressed doubts as to the value of holding private meetings at all. Some representatives thought that the question-and-answer period could be made more effective by more systematic organization. A number of suggestions for procedural streamlining of the question-and-answer meetings were made, including (a) that the projects should be grouped by functional categories to facilitate examination by the Council; (b) that questions on general matters should also be grouped for reply by the Administration - which would involve the handing in of questions in advance. Supplementary questions related to the replies could be put orally from the floor. Another representative hoped that at future private sessions members from developing countries would give the Council the benefit of their frank comments on their experience of the execution and impact of projects in their countries. In his view, and in that of another member representative, understanding of the several problems of development assistance would be furthered if the Council were to meet at some time in a developing country which had projects in various stages of execution.

48. The Administrator's request that the Council should indicate the steps it would wish to see taken to achieve an appropriate degree of integration of the Technical Assistance and Special Fund components of the Programme was responded to by a number of members. There was however a general feeling that further study of the problems and possibilities of integrating the two programmes must precede any definite decisions. Some representatives felt it was premature at this stage to evaluate the merger though they considered that the establishment of a unified administration and unified directives was giving a new impetus to programme activities, providing a rationalization of work in general and consequently leading to greater efficiency. One representative thought that the programme should be given time to find its feet before changes in form and substance were suggested. Another reminded the Council that the merger was not merely a means of co-ordinating work, reducing expenses and making use of scarce resources, but the creation of a new organization which, while retaining the characteristics of each of the two programmes, had the responsibility to find new means and methods of improving and increasing the assistance being given to the low-income countries. On the submission of several other representatives, the Council was not in possession of sufficient facts to make proposals on the appropriate degree of integration between Technical Assistance and Special Fund activities. They therefore considered that an essential preliminary would be an examination of the points where there was a lack of integration and of the extent to which this really prejudiced the aim of a speedy response to country requests. They suggested that a full analytical paper be presented to the Council at its next session.

49. Considerable discussion centred on the Technical Assistance component, and a number of suggestions were made on programming and budgeting practices. In the opinion of several representatives, the programming methods of the Technical Assistance component should be brought more in line with the programme methods followed by the Special Fund component, and this could be done while maintaining the special characteristics of the Technical Assistance component. Several representatives stressed the value to many of the developing countries of the small projects of technical assistance carried out under the Programme, which should not be discarded. In this connexion, one representative considered that the time had come to change from biennial programming to project budgeting under the Technical Assistance component. Accordingly he suggested that the Administrator should be asked to prepare a report for the next session which would contain, on the basis of present experience, tentative guidelines and draft legislation for the application of project budgeting as from 1 January 1969. A number of representatives supported this suggestion, though one felt that it might be wiser to give the Administrator somewhat greater scope in presenting his recommendations. The Administrator agreed to undertake such a study and suggested a preliminary discussion at the third session and a more definitive discussion at the fourth session. Several other delegations pointed out that some basic principles that had governed the Expanded Programme of Technical Assistance should continue to apply to relevant activities within UNDP. In particular the principle of target figures for participating countries should be maintained in the programming of the Technical Assistance component.

50. The financial relationship between the two components was also commented on, one representative stating that the practice of donor Governments of making separate contributions to each component made it impossible to achieve a real merger. He asked what would happen if a Government should make a single contribution to UNDP without an indication as to distribution. Another representative wondered if the distribution of resources between the two programmes

was a rational one and corresponded with the needs of the low-income countries as reflected in the requests for assistance. At the present time the allocation of funds between the two components was in the hands of the donor countries and it was sometimes difficult to establish the basis on which the distribution should be made. In reply, the Administrator said that he would be in a better position to answer once the Council had decided on the extent of the integration of the two components. The more integrated the Programme, the better position he would be in to evaluate the related needs of Technical Assistance and Special Fund assistance on a country-by-country basis.

51. A prerequisite for the fulfilment of the basic objectives of the merger was identified by some members as the degree of co-ordination of activities achieved between the Administration and the executing agencies and other organizations engaged in development work at both headquarters and field levels. One representative expressed his satisfaction that the first meeting of the new Inter-Agency Consultative Board (IACB) had been successful and emphasized that the special competence of the United Nations family was a vital element in the effective programming and carrying out of UNDP activities. In this connexion, one representative suggested a joint approach to project formulation since he felt that empowering one agency to prepare the detailed framework of a project resulted in the project being unduly shaped according to the agency's special field of competence. The UNDP was of larger dimensions and had the capacity to bring together the competencies of all agencies in the preparation of every single project, particularly those of a multipurpose character.

52. The increasing involvement of the International Bank for Reconstruction and Development (IBRD) in the programme was welcomed by another representative, who was encouraged to see that more UNDP projects were going to be executed by IBRD and that a direct link between pre-investment and investment was thus being established in an increasing number of cases. On the industrial side, a number of representatives commented favourably on the ideas put forward by the Administrator for close collaboration with the Centre for Industrial Development and in the future with the United Nations Organization for Industrial Development (UNOID).

53. Co-ordination of activities at the field level was discussed at considerable length, several representatives expressing the view that there was an urgent need for improved collaboration within the United Nations family both in regard to programme activities and in connexion with their relations with Governments.

54. A number of references were made to lack of co-operation of the country representatives of executing agencies with the Resident Representatives of UNDP leading to duplication, overlapping and other hindrances to effective project implementation and creating difficulties for the Governments, for UNDP and for the participating organizations.

55. In this connexion, many representatives urged a strengthening of the position of the Resident Representative as the chief co-ordinator of the UNDP programme at the country level. Several representatives described the functions they would like the Resident Representatives to assume. One said the functions should include an important advisory role in programme planning, so that countries could use to their best advantage the assistance programmes offered by the United Nations; an active part in programme implementation; and the responsibility of co-ordinating multilateral efforts with bilateral programmes. Another thought that, in addition to being informed on bilateral programmes planned or in execution in their

territories, the Resident Representatives should take the initiative in promoting contacts between countries furnishing bilateral assistance. The concept of a "cabinet" composed of agency representatives under the chairmanship of the Resident Representative mentioned by the Administrator in his statement received the support of many members. It was envisaged that a cabinet of this kind would provide the Resident Representative as chairman with the technical advice of agency representatives, including experts in industrial problems. The overriding consideration, however, was that the Resident Representative must be given adequate authority which should be set out clearly in his terms of reference, and arrangements should be made for these terms of reference to be made known to all personnel of executing agencies in the field. Though there was general agreement that the Resident Representative had a cardinal role to play as the main adviser to Government on international assistance, several representatives felt that the recipient countries should themselves organize their own planning bodies and co-ordinate all foreign aid coming into their territory.

56. Further comments were made on the subject of co-ordination with bilateral programmes. One representative asked for maximum co-ordination between the bilateral programmes of his country and UNDP, and was delighted to hear that UNDP would participate in a wide variety of consortia and consultative groups considering the development plans and needs of particular countries. Another said that UNDP and bilateral arrangements could supplement each other, but that it would be better if each retained its independent character. A third said that neither the United Nations nor its representatives were qualified or equipped for the purpose, and he could therefore not endorse co-ordination between the United Nations multilateral development programme and bilateral programmes of the same kind; but that on the other hand there might be some advantage - for the developing countries themselves - in trying to make these programmes supplement each other through the mutual exchange of information.

57. The Council welcomed the report by the Administrator dealing with the Expanded Programme of Technical Assistance and the Special Fund in 1965 and giving the status of the two programmes at the point of merger. The unified programme, according to some members, had become the very corner-stone of all United Nations activities in the economic field. It was noted with satisfaction that the UNDP programme now contained 3,000 projects, estimated at an over-all cost of \$1,500 million, benefiting 150 countries and territories in all parts of the world. Particular mention was made by a number of representatives of the upward trends in providing various types of assistance reflected in the activities of 5,633 experts who were on field assignment in 1965, the \$19 million worth of equipment which was supplied during the same period and the 3,082 fellowships which were provided to nationals of low-income countries for advanced study and training abroad. Some representatives were disturbed to note that purchases of equipment for Special Fund projects from South Africa had risen from \$200 in 1964 to \$1,100 in 1965, in spite of the fact that South Africa made no contributions to the Special Fund and continued, by its policy of apartheid, to violate the principles of the United Nations Charter.

58. Reference was also made to the fact that wider diversification was being achieved in the recruitment of experts, the report showing that some 1,500 experts serving the two components of UNDP were drawn from countries which were themselves receiving assistance. Increases in the value of contracts made to provide expert teams for pre-investment projects were also commented on. Other members found it encouraging that investment generated by twenty-seven projects in the Special Fund sector had now reached more than \$1,200 million and that a number of other projects were also nearing the investment stage.

59. The most pressing problem facing the Programme, according to some representatives, was to find means of speeding up consideration by the Administrator and his staff of projects requested by Governments as well as their implementation after approval. While considerable progress had been achieved in project formulation, largely due to the efforts of preparatory missions, there were still considerable delays in concluding plans of operation and in field execution. One representative thought it would be useful if the Administration were to study the factors delaying project implementation, whether they were attributable to Governments or to executing agencies, and suggest measures to be taken to overcome these obstacles.

60. In response to the concern expressed by several members that only seventy projects had been completed by the end of 1965, the Administrator stated that of the 111 projects approved by the Council through December 1960, seventy had already been completed and the remainder were in the final stages of implementation. It was important to note that it normally took a year from the date of approval to the start of operations, and that the average duration of a project was four years.

61. The shortage of international experts and the delays encountered in assigning them to the field constituted another serious bottle-neck in the programme. A number of suggestions were made for improving this situation. Some representatives stressed the importance of the use of contractual services in the implementation of projects of the Special Fund component. It was noted with satisfaction that the allocation of funds for such services had increased from an average of \$10.8 million for the previous programme to \$15.9 million for the programme presented to the Council at its second session. It was stated that the use of consulting organizations and firms, governmental, semi-governmental or private, could, in the appropriate cases, offer the advantage of placing at the disposal of developing countries fully integrated teams and high-level skills so that delays of recruitment and execution would be minimized. It was noted that while certain executing agencies were already using such teams, others could take advantage of this method on a larger scale. It was also suggested that there should be more assignments of associate and junior experts; that, when appropriate, supplementary training of certain experts should be undertaken on an experimental basis; and that recipient Governments should make more rapid decisions in the choice of experts. Several representatives thought that experts should be recruited from a wider field and doubted the wisdom of depending primarily on the sources of the Western countries. Another pointed out that too few experts were being drawn from the developing countries and the countries of Eastern Europe and the USSR. One representative felt that the whole question of UNDP policies in the selection of experts should be taken up at the next session.

62. Mention was made of the concern expressed at the meeting of the Inter-Agency Consultative Board (IACB) with respect to recruitment problems, and it was suggested that in due course a report might be submitted to the Council containing an analysis of the problems and recommendations for their solution. One representative thought that a study might be made on the related question of using sub-contractors. Both in regard to the awarding of sub-contracts and the procurement of project equipment, a number of representatives were of the opinion that the supplying countries were too limited in number.

63. Comments were made by several representatives on the provision of fellowships and counterpart personnel, and a request was made that more equitable criteria

should be applied which would take into account the needs of all the regions. In noting the placement of fellows and the holding of seminars in their countries, some representatives underlined the important place of fellowships in forming cadres of trained national personnel; one said his country would be prepared to receive an increasing number of fellows, especially those serving as counterparts to experts recruited from his country. Regarding staffing problems arising from the withdrawal of counterparts for studies abroad, another member thought the solution lay in measures for the advance training of counterparts while plans of operation were being prepared.

64. On the subject of counterpart contributions for Special Fund-type projects, several members believed the amounts required from recipient Governments were sometimes too high. One representative held that UNDP should now help to finance the construction of project buildings; it was also his view that some of the cash contributions made by Governments for local costs of experts might better be applied towards the cost of buildings. Furthermore, he felt that cancellation of a project because the Government concerned could not make its counterpart contribution was an extreme measure that should never be adopted. Another representative stressed the self-help nature of projects and said that receiving Governments contributed more to projects than the amounts allocated from the Special Fund. He therefore thought it would be useful if government local cost contributions could be highlighted instead of being hidden within the Governing Council earmarking.

65. Some representatives considered that it would be easier for the assisted country to provide adequate counterpart support if the project had sufficiently high priority in the national development effort. Another representative replied that it was not just a question of priorities, since the developing countries were faced with a wide range of urgent and pressing requirements. In his opinion, UNDP should follow the example of certain major bilateral assistance programmes which had recognized the need to minimize the financial burden on the developing countries and had lowered the contributions required or recipient Governments.

66. On the subject of investment follow-up, several representatives emphasized the importance of orienting pre-investment projects at all stages of execution towards the search for every available source of capital financing of development schemes. Satisfaction was expressed with the Administrator's statement that new initiatives were being taken to establish co-operation with potential investors during the preparation of projects. One representative, however, stated that positive steps should be taken now by UNDP in investment proper by using, as a start, funds obtained from the interest on invested UNDP resources and a small portion of UNDP resources. These small projects, one in Asia, one in Latin America and one in Africa, could be undertaken as an experiment.

67. Several representatives commented favourably on the evaluation of the assistance programmes of the United Nations family which had been carried out in Chile, Thailand and Tunisia at the request of the Economic and Social Council. It was felt that the reports resulting from these evaluations contained much information, as well as practical conclusions, which would benefit UNDP. One representative hoped the reports would be on a future agenda of the Governing Council. Another considered that the reports were useful for all planners of development assistance, including the bilateral programmes, and that the findings and conclusions might well inspire some joint operations by multilateral and bilateral agencies in fields of common interest.

68. The method of evaluation by "outside" parties who were independent of the execution of programmes and projects was held by several representatives to be the proper approach. It was felt that this type of exercise should continue in addition to the on-going evaluations carried out by the agencies of the United Nations family and by UNDP. Some representatives suggested that UNDP reports should attempt to assess the results of completed projects in terms of their impact on economic development. It was thought that the views of the beneficiary countries were essential for such studies. One representative also suggested that evaluation reports on fellowship programmes would be of great value to countries receiving fellows.

69. There was considerable discussion on the fields of UNDP assistance which should receive emphasis within the framework of the priorities of recipient countries. The great majority of representatives strongly endorsed the Administrator's statement regarding the urgency of devoting substantially greater efforts to industrialization in the developing countries and the desirability of having more projects with direct bearing on industrial production, but most of them qualified their endorsement by expressing the views contained in paragraph 70 below. It was stressed by some representatives that the acceleration of industrialization was one of the surest means of promoting economic and social progress and ensuring national independence, and they expressed their desire that UNDP should participate more actively in financing capital investments in accordance with the requests of the respective Governments.

70. It was particularly stressed by many representatives that the choice of priorities and the initiative for requesting assistance were and remained the responsibility of the recipient Governments alone. While the programme should not be static and should be prepared to meet requests in new fields, the main consideration according to most members was whether UNDP assistance was consonant with national development plans and the stated needs of the developing countries. Since the needs of countries varied widely with their respective levels of development, one representative stated that the first essential was to ensure that no one sector of work had exclusive priority. While agreeing that UNDP could not impose policies regarding the economic sectors which should be stressed in requests for assistance, another representative saw no objection to a recommendation that all assisted countries give greater attention to industry.

71. Several representatives noted that 24 per cent of technical assistance and pre-investment expenditures during 1965 were for projects in the industrial field. Some observed that industrial projects formed a larger part of recently recommended programmes and that new types of industrial projects, such as pilot plants, were being put forward. Others felt that there had been little change in industry's share of the programme, which remained insufficient, and that the level of UNDP financing for individual industrial projects was inadequate. It was suggested by several representatives that a specific portion of the resources available to the Programme should be earmarked for industrial projects, and one representative said the goal should be 40 per cent in the near future. One representative expressed his concern about what he considered to be the slight influence of UNDP on decisions regarding the important problems of economic development of the developing countries and about the continuing dispersion of UNDP funds among small projects. He also felt that the UNDP Administration, in carrying out its activities, was guided in a partisan manner by the principles of so-called "free enterprise" and did not take advantage of the experience of countries with

centrally planned economies. Other representatives felt that the discontinuance of the practice of undertaking relatively small projects could be injurious to small developing countries.

72. A number of members saw a need to assist Governments in identifying needs and formulating projects in the industrial field. Among the measures mentioned in this connexion was the proposed posting to the developing countries of industrial advisers from the Centre for Industrial Development. One representative said it was important for industrial advisers to work in close co-operation with the Resident Representatives, while another cautioned that UNDP funds should not be used to appoint such advisers. Several representatives stated that UNDP should direct all Resident Representatives, experts and missions to draw the attention of Governments to the merits of developing the industrial sector, and should utilize technical assistance projects as the introductory phase to pre-investment projects for industry.

73. Many representatives felt that the creation of the United Nations Organization for Industrial Development (UNOID) would give a new and marked impetus to international action in the field of industrialization. It was hoped that the joint efforts by the Administrator and the Executive Director of UNOID would bring about the closest possible co-operation with the new organization in stimulating requests for industrial projects, in operational activities, and in the use of the contributions made by several Governments for special industrial services. One representative considered that the new organization's membership of the Inter-Agency Consultative Board would enhance close working relationships in the industrial field.

74. While recognizing the importance of increasing and improving assistance for industrial development, a number of representatives called for maintaining a balance with efforts in other economic sectors. Some representatives stated that the modernization of agriculture and the study of trade in and distribution of agricultural products and their subsequent processing continued to be a basic need in many developing countries, particularly where the agriculture sector accounted for a large part of employment and gross national product and where adequate food supply was a problem. Several members considered that industrial and agricultural development should go hand in hand, since a sound agricultural base was a prerequisite for balanced growth in industry and other economic sectors. Agriculture could also contribute directly to industrialization by stimulating the establishment of enterprises producing fertilizers, farm implements and machinery, and food products.

75. In this connexion, there was general support for the Administrator's statement that UNDP might profitably support more projects for the training of agricultural extension workers and other middle-level personnel who could introduce modern farming techniques throughout the countryside. One representative suggested that such extension work, in addition to being linked with the provision of agricultural credits, fertilizer and pesticides, should also include the supply of improved seeds and plants and the demonstration of intensive and irrigated land use.

76. Commenting on the balance of agricultural and industrial projects in the programme, the Administrator said he believed that concurrent development of these sectors was normally necessary if success were to be achieved in both. In some cases, however, it might be essential to concentrate first on building up

agricultural production so that people would have enough food to be able to work effectively.

77. Interest was also expressed in the statement of the Administrator that further requests would be welcomed in the areas of marketing services, trade expansion, promotion of tourism, and cadastral surveys for land taxation purposes, all of which could help establish new sources of government revenue. Some representatives noted that improved marketing practices and increased foreign trade were crucial to those developing countries whose income depended largely on the prices received for exports of primary products. The UNDP also had a contribution to make in helping to assure marketing opportunities for increased agricultural and industrial production. Other representatives recognized tourism as an important but inadequately exploited means of augmenting foreign exchange income and welcomed the suggested initiative of UNDP in the light of the growing interest of the developing countries in this field. Another considered that UNDP assistance for cadastral surveys could bring substantial benefit to the developing countries.

78. A number of representatives said they continued to attach considerable significance to projects in education and professional training as well as selected experimental projects in work-oriented adult literacy; health, social development and urbanization; and power, transport and other elements of the infra-structure. Some representatives considered that UNDP should make known its readiness to assist requesting Governments in the field of population, including family planning.

79. In view of the growing list of new fields of activity which were being considered by the Council, one representative wondered whether there was not a danger of losing sight of the priorities laid down in General Assembly resolution 1240 (XIII) which established the Special Fund; he had hoped to hear suggestions for concentrating UNDP activities in a small number of vital sectors and for establishing priorities.

80. The Administrator said there was no doubt that the priorities for UNDP assistance were to be set by the developing countries themselves and that the whole Programme had to be geared to their needs. At the same time, he agreed that not enough was being done to help speed industrialization and saw no harm in calling this to the attention of requesting Governments.

81. Regarding the pre-investment projects which were being submitted for the Council's approval, a number of representatives commented on the distribution by economic sectors and by region. Several noted with favour that seventeen industrial projects were in the new programme compared to sixteen in the field of agriculture. One representative underlined the importance of the three recommended projects for fishery research and development, particularly as the resources of the sea at present constituted the most important and probably the least tapped reserve of food.

82. In connexion with the regional distribution of projects, several representatives were pleased to see that the largest number of the recommended projects were for countries in Africa, whose needs were known to be immense. However, while agreeing that Africa should have a large share in the Programme, several other representatives were concerned about the declining number of projects recommended

for countries in Asia and the Far East and hoped that the lower proportion allocated to the region did not reflect the Administrator's assessment of the existing needs. Others also endorsed these views and expressed the view that in all continents, including Latin America, there existed zones that were backward and which therefore required special consideration by the Programme. The Administrator assured the members that the needs of Asia and the Far East and of Latin America were very much in the minds of the Administration.

83. One representative noted that in addition to the projects recommended for approval by the Council, there was a backlog of requests and tentative requests under consideration; since this entailed a decision as to which requests to consider first, he thought it would be useful to know what proportion of the present recommendations was based on requests received less than six months ago, and what proportion on requests received more than six months ago. In reply, the Administrator observed that only four of the fifty-seven projects and supplementary earmarkings in the recommended programme derived from requests put forward within the previous six months. In practice, he added, this was the shortest possible period in which the Administration could assess project requests which presented no particular difficulties; the normal period for assessment of approved project requests was nine months.

84. Comment was made on the emergence of "phase II" projects which, following on previously approved projects, continued their work to a further stage or in greater depth. Interest was also expressed by some representatives in the emphasis of certain recommended projects on bringing pre-investment studies as close as possible to the stage at which actual investment decisions could be taken. It was considered that the close co-operation being established with international and regional financing institutions and the increased use of financial advisers to assist Governments in obtaining follow-up investment were further steps ensuring that full benefits would be obtained from pre-investment studies. In this connexion, one representative said he looked forward at a future session to receiving a report on the desirability of establishing a central financial advisory unit within UNDP; he also hoped there would be more advance consultation of the type which had been arranged with the International Bank for Reconstruction and Development (IBRD) to ensure that pre-investment work was designed directly to attract investment.

85. Several representatives expressed their confidence in the technical assistance and Special Fund activities of UNDP as a powerful factor in increasing the flow of assistance to developing countries and influencing the provision of productive follow-up investment. Several also declared that their Governments accorded high priority to UNDP in the distribution of funds for various assistance programmes.

86. Though more resources were undoubtedly needed for pre-investment projects, several representatives suggested that the Administrator provide a full analysis of the needs for pre-investment assistance, including an estimate of the volume of sound pre-investment projects which could be anticipated in the next few years. They also felt that the analysis should cover the problems of organization and staffing - at UNDP headquarters, in the agencies, and in the field - which would arise in handling a greater work-load of projects made possible by increased resources for the Programme. The Administrator concurred with this suggestion and, with the consent of the Council, would seek the services of a reputable outside research organization to help carry out this major study. One representative said

that his request had emphasized the second aspect of this study and that he felt this was the proper task of the secretariat. Another expressed interest in the Administrator's proposals for "information retrieval", that is to say, gathering together information on studies and reports already made. He suggested that each Resident Representative should build up a library, or at least a bibliography, of studies and reports already undertaken by the Expanded Programme of Technical Assistance and the Special Fund, and by other economic development organs of the United Nations family relating to the country to which he was accredited.

87. Other members considered that more could be done to arouse public opinion in favour of UNDP. They felt that a UNDP public information programme should try to reach those "influential circles" which knew very little about the practical results of pre-investment assistance; such a programme was especially needed in the donor countries if continued and increased financial support were to be obtained and sufficient experts recruited to carry out the growing number of projects for which UNDP assistance was required.

88. A number of members agreed with the Administrator that the target established by the General Assembly - to raise contributions to the Programme to \$200 million - was a reasonable and minimum goal. Several representatives considered it urgent that Governments increase their contributions for 1967 so that the Programme could not only maintain its present level but also respond to the growing number of requests for high-priority projects. Others added that, in accordance with the Administrator's request, they would be active in their own Governments to press for increased contributions to the Programme.

89. Several representatives announced that their Governments intended to raise their 1967 pledges to the Programme above the 1966 level and one representative informed the Council that her Government had recently approved an increase in its contribution for 1966. Another representative recalled that his Government had made "forward" pledges of its contributions to UNDP covering a three-year period, including increased pledges for the second and third years. He urged that other Governments consider whether they also could make longer-term pledges, since he considered it possible to avoid a large decline in project earmarkings in 1967 by this method. Others stated that their Governments would continue to do their share in helping to meet the \$200 million target. Members of the Council joined the Administrator in expressing their appreciation for these indications of continued and increasing support for UNDP.

90. The Council took note of the Administrator's statement (DP/L.20/Rev.1) and of the reports by the Administrator on the activities of UNDP (DP/L.15 and Corr.1, DP/L.15/Add.1 and Corr.1, DP/L.15/Add.2), on Technical Assistance programme changes (DP/TA/L.1) and on Technical Assistance contingency authorizations (DP/TA/L.2 and Add.1).

Pilot and demonstration plants as pre-investment

91. Under item 5 (c) of the agenda, the Governing Council considered a report by the Administrator with respect to pilot and demonstration plants. The report had been requested by the Council at its first session for presentation to the current session.

92. There was general agreement among the members of the Council on the importance of providing assistance to the developing countries in the establishment of pilot and demonstration plants. A number of representatives expressed the hope that such plants would stimulate sizable investment. Several representatives referred to pilot projects as a bridge between pre-investment and investment.

93. Some representatives saw in the Council's support for pilot plants a means of initiating investment proper and observed that the Programme had the necessary authority and funds to undertake investment activity. Others, however, cautioned that pilot projects to be undertaken by UNDP should be clearly distinguished and demarcated from investment projects proper.

94. The Council discussed at considerable length the criteria and conditions which should govern UNDP assistance to pilot and demonstration plants. While there appeared to be general support for the criteria set out in the Administrator's report (DP/SF/L.4), various other suggestions were introduced in the course of the debate. Many members did not favour establishing too rigid guidelines at this juncture, preferring rather a more pragmatic and flexible approach in the evaluation of individual project requests. Several representatives expressed concern that should the requirements for assistance in pilot and demonstration plants be too detailed and onerous, the result might be that requests for UNDP assistance in this important area of pre-investment assistance would tend to be stifled.

95. On the other hand, a number of members considered it most important that the Administrator exercise caution in recommending pilot plant projects. It was essential, in the opinion of one representative, that the objective of any given pilot project be clearly defined and that each request submission include information on the laboratory tests and feasibility studies which had been undertaken, with an indication of the inadequacies of the results obtained which made a pilot undertaking necessary, and also a full description of the conditions which the pilot project was intended to stimulate. He also felt it would be desirable if members of the Council were given a reasonable period of time, possibly three months before the Council's session, to study the Administrator's recommendations on proposed pilot projects; furthermore, periodic progress reports should be submitted to the Council on the implementation of each pilot project and a full review should be undertaken by the Council on the completion of the project. Several other representatives supported the view that project recommendations in this field should be submitted by the Administrator ahead of the usual schedule, although other representatives questioned the need for this.

96. Another representative observed that a pilot or demonstration plant should meet, to the extent possible, a number of general criteria in order to warrant assistance from UNDP. These would include careful consideration of whether feasibility and laboratory studies clearly showed that a pilot or demonstration plant was the best available technique; whether the cost was reasonable in the light of other demands on the Programme; and, most important of all, whether such a project would be likely to lead to additional investment. In his view, failure to consider these factors with the utmost care could result in the dissipation or wastage of the resources of the Programme.

97. There was a considerable difference of opinion among the members on the observation contained in the Administrator's statement to the Council (DP/L.20/Rev.1) that no component of any pilot or demonstration plant undertaking

would be financed by UNDP which could appropriately be financed by the IBRD group or other institutions, public or private. In support of this view, several representatives thought it would be very useful and helpful if the Administrator's project recommendations for pilot projects contained information on why UNDP financing was preferable. Another felt that the regional banks should be considered along with IBRD and its affiliates in seeking possible financial support for such projects. At the same time, other representatives took exception to the suggestion that UNDP support for pilot projects should be provided only if such assistance was not forthcoming from other sources; in their opinion, this could be prejudicial to potentially worth-while projects. The financing of pilot projects by private sources or even by multilateral institutions such as IBRD would be more costly than financing by UNDP, and in some cases might impose an excessive burden on requesting countries. They urged that project requests in this field, as in other areas of UNDP competence, be considered on their merits alone.

98. Several representatives commented on the management and technical training possibilities of pilot and demonstration projects. One observed that in his experience the demonstration value of pilot projects had been limited. While the pilot plants may have been successful in themselves, they often did not find imitators for various reasons. They did, however, offer good training opportunities. He therefore suggested that pilot projects should be planned in such a way as to provide training in financial, management and marketing activities for persons not only in the pilot plant itself but for those in other establishments as well. Another representative felt that training of managerial personnel and technicians was perhaps the most important function of pilot projects. Still another representative, while agreeing that managerial training could be a useful by-product of such an undertaking, did not consider that the contribution in this area could be very significant in view of the limited financial means available for the implementation of pilot plants. One representative felt that a pilot project should be closely linked and co-ordinated with regional planning so that the plant could serve as a demonstration centre not only for the country in which it was situated but also for the region as a whole.

99. There was general agreement that the elimination of risk should not necessarily be a primary consideration in undertaking pilot projects. In this connexion, it was observed that no pilot or demonstration project could hope realistically to overcome all the imponderable risks which the entrepreneur must inevitably face when he decided to commit capital and skills to a new plant or project.

100. A number of representatives commented on the Administrator's suggestion that the recipient Governments should plough back certain revenues obtained from the pilot production into a revolving fund to be used exclusively for the operation or extension of the plant or for other essential development-stimulating activities. It was the consensus of the Council that UNDP should not get involved in the management of such funds and that this function should be the exclusive responsibility of the Government concerned. In this connexion, one representative stated that the actual management of the plant during the period of UNDP assistance should be under the direction of the Government and that the experts and consultants provided under UNDP assistance should serve strictly in the capacity of advisers. Another suggested that the nature of a pilot project demanded that high standards of financial and technical management be maintained over a relatively long period in order that the right lessons be drawn for wider application to further investment.

101. While there was general support for the Administrator's suggestion that the UNDP contribution to pilot and demonstration projects should continue to be of the order of \$1 million each, several members felt that this was inadequate. One representative suggested the possibility of financing such projects jointly with other organizations such as the United Nations Organization for Industrial Development, which was expected to be established by the General Assembly in 1966, and possibly with IBRD and its affiliates. In view of the limited financial resources of UNDP and the relatively high cost of pilot projects, it was suggested by several representatives that assistance to such projects should, to the extent possible, be distributed equitably among regions and countries, and that a balance should be maintained between these and other types of pre-investment projects.

102. The Governing Council took note of the report by the Administrator on pilot and demonstration plants as pre-investment (DP/SF/L.4).

103. In conformity with General Assembly resolution 1240 (XIII), part B, paragraph 6, the Council recommended that the Administrator submit to it projects of that nature which seemed likely to lead to investment and to encourage the industrial advancement of the developing countries.

104. In that connexion, the Administrator shall take into consideration as fully as possible in his future recommendations on pilot plant projects the pertinent views expressed by the members of the Council in the context of the above-mentioned General Assembly resolution.

Assistance on a refundable basis

105. Under item 5 (d) of its agenda the Governing Council considered a paper (DP/SF/L.5), submitted by the Administrator in response to the Council's request, dealing with the operation of the refundability provisions set out in part B, paragraph 56, of General Assembly resolution 1240 (XIII). This clause reads as follows:

"The Governing Council shall be authorized to consider allocating part of the resources of the Special Fund for assistance on a refundable basis at the request of Governments for projects within the terms of reference of the Fund".

106. Basic reservations were expressed by Council members regarding the use of refundable grants. Many representatives pointed out that UNDP, which is a primary source of pre-investment assistance on a grant basis, should not endeavour to seek reimbursement from the countries which are the beneficiaries of its services.

107. There was general agreement with the Administrator that clearly identifiable monetary returns from a single pre-investment project did not necessarily justify invoking the refundability clause, since benefits derived from such projects did not necessarily lead to a general improvement in the over-all economy. One representative pointed out that, if UNDP undertook certain activities such as the preparation of detailed engineering designs, and drilling, these would, in his view, be normally attributable to investment proper, once the investment decision had been taken. Further thought would have to be given at a future session to how, if UNDP did undertake such activities, the investing agency should take over these

costs. This related to a suggestion by another representative that reimbursement should be demanded not from the recipient country but from the organization providing the financing for the definitive investment.

108. The members also shared the view of the Administrator that, as a means of conserving or increasing the resources of the UNDP, the refundability clause was not likely to produce highly significant results. In this connexion, one representative stated that increased annual contributions to UNDP held greater promise for the work of the Programme than arrangements which seek recovery of assistance provided to developing countries.

109. Several representatives thought that the funds-in-trust device used in the Expanded Programme of Technical Assistance could also be employed in certain Special Fund projects. This arrangement would be applicable only to Governments which were able and willing to make payment in suitable currencies for the assistance provided. In addition, one representative also suggested that increased counterpart contributions might also be envisaged in appropriate cases.

110. Most representatives observed that, in accordance with part B, paragraph 56, of General Assembly resolution 1240 (XIII), arrangements for assistance on a refundable basis could only be initiated at the request of the Governments concerned. One representative, however, was of the opinion that the phrase "at the request of Governments" in that paragraph should not be given special significance. In his judgement it simply meant that refundability, like all other elements of a project, must be established in complete agreement with the recipient Government. He believed the Council should set aside a certain percentage of its resources, as envisaged in part B, paragraph 56, of resolution 1240 (XIII) for refundable assistance as a means of increasing the total resources of UNDP.

111. Serious reservations were also expressed by many members about the establishment within a recipient country of a revolving fund for further economic development. This fund, to be administered by the Government with the advice and concurrence of UNDP, would be financed from proceeds of a refundable pre-investment project which was successfully concluded. Members felt that it would be unwise for UNDP to become formally involved in the internal financial and policy matters of recipient Governments through control of the use of funds in local currencies.

112. In the light of the discussion, the Administrator made a statement to the Council at its twenty-seventh meeting, in which he said that:

(a) The paper on refundables had been prepared and submitted at the specific request of members of the Council;

(b) The general debate had shown that the paper on reimbursable projects had helped to clarify the Council's thinking on this question. It had revealed a general consensus of developing and developed countries alike that the Administrator should not encourage projects that are partially or wholly reimbursable;

(c) The Council had indicated that it did not wish the Administrator normally to seek refunds. Only in very unusual circumstances would projects with reimbursement provisions be recommended to the Governing Council. In these cases, the reasons for the reimbursement clause would be fully explained to the Council,

and an indication would be given of the Government's concurrence. Clauses regarding possible refundability in project proposals approved at the first session and those recommended for approval at this session would be implemented in the light of these conclusions.

113. At the conclusion of the debate on item 5 (d), the Governing Council decided:

(a) To take note of the Administrator's report on assistance on a refundable basis (DP/SF/L.5);

(b) To take note of the views expressed by the members of the Council in the course of the discussion on this subject;

(c) To take note of the statement made by the Administrator at the twenty-seventh meeting of the Council.

B. PROGRAMME RECOMMENDATIONS OF THE ADMINISTRATOR: UNDP (SPECIAL FUND)

Analysis of requests

114. As reported to the Governing Council of the United Nations Development Programme at its first session, 1,018 requests for project assistance had been submitted to the Special Fund by Governments up to 30 September 1965, calling for an expenditure of over \$995 million in international resources. Between 1 October 1965 and 31 March 1966, a further 102 requests were received, bringing the total number of requests received to 1,120 and the total amount requested to approximately \$1,091 million.

115. The 102 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	4	3,080,000
Water power, hydraulic and meteorological	4	2,667,000
Land and water use, including forestry	18	16,026,000
Transport and communications	5	2,293,000
Fisheries	2	2,848,000
Other	4	1,801,000
	<hr/>	<hr/>
Sub-Total	37	28,715,000

Table 1 (continued)

<u>Subject</u>	<u>Number of requests</u>	<u>Amount requested</u> \$US
<u>Research</u>		
Agricultural, forestry, veterinary and fishery	17	14,614,000
Manufacturing, mining and power	6	5,592,000
Other	3	3,585,000
	<hr/>	<hr/>
Sub-total	26	23,791,000
<u>Training</u>		
Agricultural, forestry, veterinary and fishery	10	8,135,000
Industrial	18	20,073,000
Transport and communications	1	547,000
Secondary school teacher	3	4,463,000
Public administration and other	4	4,262,000
	<hr/>	<hr/>
Sub-total	36	37,480,000
<u>Economic development planning</u>	3	5,743,000
	<hr/>	<hr/>
Total	102	95,729,000
	<hr/>	<hr/>

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

Table 2

<u>Geographical area</u>	<u>Requests received</u> <u>1 October 1965 to</u> <u>31 March 1966</u>	<u>Requests</u> <u>previously</u> <u>received</u>	<u>Cumulative</u> <u>total to</u> <u>31 March 1966</u>
Africa	33	324	357
The Americas	29	257	286
Asia and the Far East	24	262	286
Europe	7	63	70
Middle East	9	110	119
Interregional	-	2	2
	<hr/>	<hr/>	<hr/>
Total	102	1,018	1,120
	<hr/>	<hr/>	<hr/>

117. Of the 235 requests under consideration (102 new requests mentioned above, 129 pending as of 30 September 1965 and 4 resubmitted requests), 55 were recommended for approval at the June 1966 session of the Governing Council, 11 were withdrawn by the requesting Governments, and in 5 cases the Governments concerned were informed that their requests were not being kept under review. Therefore, as of 31 March 1966, 164 projects were under consideration for possible inclusion in future programmes.

Programme recommendations

118. The Administrator recommended that the Governing Council approve fifty-five projects and two supplementary earmarkings ^{1/} (see annex II of this report). This programme totalled \$161,349,400, of which \$63,105,400 represented UNDP (Special Fund) earmarkings and \$98,244,000 contributions by recipient Governments.

119. The distribution of recommended projects by field of activity was as shown in table 3.

120. The UNDP (Special Fund) programme, classified by economic sectors, was as listed in table 4.

^{1/} For Liberia: assistance to the National Planning Agency, Monrovia (phase II); and for Pakistan: supplementary assistance to the soil survey in East and West Pakistan.

Table 3

Field of activity	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking	Number of projects	Earmarking	Number of projects	Earmarking
		\$US		\$US		\$US
<u>Surveys</u>						
Mineral and geological	44	38,009,800	6	4,828,000	50	42,837,800
Water power, hydraulic and meteorological	24	21,908,600	2	1,590,300	26	23,498,900
River basin	28	33,268,600	1	1,061,800	29	34,330,400
Land and water use	100	79,368,000	11	15,059,900 ^{a/}	111	94,427,900
Transport and communications	22	19,960,800	3	1,960,400	25	21,921,200
Manufacturing industries	5	4,888,000	-	-	5	4,888,000
Fisheries	18	20,075,200	3	3,816,400	21	23,891,600
Other	13	8,149,200	4	5,225,300	17	13,374,500
Sub-total	254	225,628,200	30	33,542,100	284	259,170,300
<u>Research</u>						
Agricultural, forestry, veterinary and fishery	67	66,739,200	1	844,900	68	67,584,100
Manufacturing, mining and power	39	36,567,600	2	1,537,600	41	38,105,200
Other	21	19,868,900	2	2,352,900	23	22,221,800
Sub-total	127	123,175,700	5	4,735,400	132	127,911,100
<u>Training</u>						
Agricultural, forestry, veterinary and fishery	46	43,646,300	1	1,021,000	47	44,667,300
Industrial	104	105,072,900	11	13,944,400	115	119,017,300
Transport and communications	24	26,822,400	1	984,500	25	27,806,900
Secondary school teacher	22	26,460,900	3	4,492,700	25	30,953,600
Public administration and other	17	14,710,200	4	3,707,500	21	18,417,700
Sub-total	213	216,712,700	20	24,150,100 ^{b/}	233	240,862,800
<u>Economic development planning</u>	10	17,598,800	-	677,800 ^{b/}	10	18,276,600
TOTAL	604	583,115,400	55	63,105,400 ^{a/b/}	659	646,220,800

^{a/} Includes a supplementary earmarking of \$930,300 for Pakistan: soil survey, a project approved at the third session of the Special Fund's Governing Council. See document SF/L.26/Add.20.

^{b/} Represents a supplementary earmarking for Liberia: assistance to the National Planning Agency, a project approved at the twelfth session of the Special Fund's Governing Council. See document SF/R.9/Add.22.

Table 4

Economic sector	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking	Number of projects	Earmarking	Number of projects	Earmarking
		\$US		\$US		\$US
Agriculture						
Multipurpose ^{a/}	50	54,797,800	3	3,144,000	53	57,941,800
Land and water use	75	62,403,200	6	7,750,400 ^{c/}	81	70,153,600
Plant production and protection	19	20,539,100	1	844,900	20	21,384,000
Animal production and health	26	22,124,200	1	1,021,000	27	23,145,200
Rural institutions and services	9	6,607,000	-	-	9	6,607,000
Forestry	38	30,177,500	2	3,901,500	40	34,079,000
Fishing	12	12,472,500	3	3,816,400	15	16,288,900
Sub-total	229	209,121,300	16	20,478,200	245	229,599,500
Industry						
General ^{a/}	72	63,997,900	9	9,629,100	81	73,627,000
Mining	47	40,009,300	6	5,680,400	53	45,689,700
Other individual industries	45	42,452,500	2	2,614,300	47	45,066,800
Sub-total	164	146,459,700	17	17,923,800	181	164,383,500
Public utilities						
Power	17	15,909,800	2	1,604,800	19	17,514,600
Transport	31	33,716,800	5	3,400,400	36	37,117,200
Communications	19	16,984,900	-	-	19	16,984,900
Water supply and sewerage	6	4,585,500	4	5,225,300	10	9,810,800
Sub-total	73	71,197,000	11	10,230,500	84	81,427,500
Housing, building and physical planning	11	10,809,500	-	-	11	10,809,500
Multisector						
General planning ^{b/}	10	16,627,500	-	677,800 ^{d/}	10	17,305,300
River basin development	24	29,858,900	2	1,815,200	26	31,674,100
Other	4	3,595,400	1	730,900	5	4,326,300
Sub-total	38	50,081,800	3	3,223,900	41	53,305,700
Health and sanitation	6	4,032,200	-	-	6	4,032,200
Education^{b/}						
Teacher trng. (secondary)	22	26,460,900	3	4,492,700	25	30,953,600
Technical	19	21,231,900	1	1,855,300	20	23,087,200
University	19	24,377,000	1	1,921,800	20	26,298,800
Sub-total	60	72,069,800	5	8,269,800	65	80,339,600
Social welfare, public administration and other services	23	19,344,100	3	2,979,200	26	22,323,300
TOTAL	604	\$583,115,400	55	\$63,105,400	659	\$646,220,800

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.

c/ Includes a supplementary earmarking of \$930,300 for Pakistan: soil survey. See document SF/L.26/Add.20.

d/ Represents a supplementary earmarking for Liberia: assistance to the National Planning Agency. See document SF/R.9/Add.22.

121. The distribution of projects by geographical region was as follows:

Geographical region	Previous programmes		Present programme		Cumulative	
	Number of projects	Earmarking	Number of projects	Earmarking	Number of projects	Earmarking
		\$US		\$US		\$US
Africa	200	206,093,600	22	24,758,300 ^{a/}	222	230,851,900
The Americas	165	153,690,900	14	17,073,500	179	170,764,400
Asia and the Far East	157	151,688,800	9	11,193,300 ^{b/}	166	162,882,100
Europe	37	34,484,700	6	7,340,000	43	41,824,700
Middle East	44	33,291,400	4	2,740,300	48	36,031,700
Interregional	1	3,866,000	-	-	1	3,866,000
TOTAL	604	583,115,400	55	63,105,400 ^{a/b/}	659	646,220,800

^{a/} Includes a supplementary earmarking of \$677,800 for Liberia: assistance to the National Planning Agency. See document SF/R.9/Add.22.

^{b/} Includes a supplementary earmarking of \$930,300 for Pakistan: soil survey. See document SF/L.26/Add.20.

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

(a) While projects of a "classical" kind were proposed for approval in the field of natural resources, the proportion of phase II projects which bring phase I work closer to the stage of actual investment decision was on the increase, as had been announced by the Administrator in his general remarks to the first session of the Council. In the mining field, for instance, the programme included phase II projects in Argentina, Chile, Senegal and Guyana. In the field of agriculture, demonstration work would be carried out to the point where the projects would actually entail, on the part of the Government, the taking and execution of investment decisions; this would be the case in projects for Saudi Arabia and Somalia.

(b) In close liaison with Governments and potential investors, the Administrator had also encouraged the preparation of agricultural development projects which were directly related to imminent investment decisions. Such were the projects for Dahomey, Iran and Turkey, which included from the start a sizable element of demonstration and production on a pilot scale, involving immediate government activities of an investment nature. Along similar lines, short-term feasibility studies focusing on specific areas of over-all surveys of given regions for the purpose of immediate investment were evolved, as for instance the one proposed for Morocco.

(c) A similar situation arose in the field of water supply, sewerage and general sanitation. For instance, the projects for Ghana and Senegal were directly and closely linked to investment decisions. It was also to be noted that projects in this field had to be envisaged within the broader frame of physical planning, as was well demonstrated in the projects for the Philippines and for Malta.

(d) Directly preparing the way for investment, feasibility studies in the field of transport had been proposed, in close collaboration with IBRD, for Bolivia, Guinea and Nigeria.

(e) In the field of institution building and advisory services, efforts were pursued to assist countries in setting up basic establishments for training personnel and improving productivity, as well as reinforcing existing institutions in the field of public utilities and development of natural resources; such were the projects presented for Chile, Iraq and Liberia.

(f) As for advisory services to industry, one project was submitted for Tunisia which, in addition to its national coverage, was expected to complement the work of a regional one already approved, the Maghreb Centre for Industrial Studies.

(g) Colombia, the Ivory Coast and Venezuela would benefit from projects for the development of marine fisheries and every effort would be made to co-ordinate them with similar projects in neighbouring countries, aiming at the most efficient system of exchanging relevant scientific and technical data.

(h) The problem of the use of saline water, which had already been approached from the point of view of irrigation, was receiving further attention from the angle of actual desalination of such water on an economic scale. The project in Israel would attempt to provide a practical answer applicable wherever such resources of saline water exist.

(i) Finally, in the field of training, two points were noted. First, as a contribution to the UNESCO-sponsored programme in work-oriented adult literacy, projects along the lines of others previously proposed to the Council were being submitted for approval for Ecuador and for the United Republic of Tanzania. Secondly, assistance to training projects to serve the needs of a whole region would be provided, in the field of civil aviation for East Africa, and to improve meteorological services in the Caribbean.

123. The Administrator also reported to the Council that provision had been made in ten projects for the services of financial advisers to be provided directly by UNDP (Special Fund) in accordance with the authorization given to him at the eighth session of the Governing Council of the Special Fund.

Executing agency overhead costs

124. A tabular summary of overhead costs, by executing agency, both for the present and previous programmes approved, was given (see table 6 below).

Table 6

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	108,330,900	9,737,400	9,935,000	1,082,700	118,265,900	10,820,100
ILO	50,361,325	4,876,675	8,672,600	952,700	59,033,925	5,829,375
FAO	209,922,000	20,512,000	18,692,700	2,049,500	228,614,700	22,561,500
UNESCO	96,715,050	8,606,950	10,747,200	1,180,800	107,462,250	9,787,750
ICAO	11,044,400	746,500	886,900	97,600	11,931,300	844,100
WHO	8,760,000	800,900	4,709,300	516,000	13,469,300	1,316,900
IBRD	22,452,200	489,300	1,938,400	22,000	24,390,600	511,300
ITU	14,345,100	1,383,800	-	-	14,345,100	1,383,800
WMO	10,596,100	976,200	1,461,300	160,700	12,057,400	1,136,900
IAEA	2,246,100	212,500	-	-	2,246,100	212,500
<u>Total</u>	<u>534,773,175</u>	<u>48,342,225</u>	<u>57,043,400</u>	<u>6,062,000</u>	<u>591,816,575</u>	<u>54,404,225</u>

a/ Includes UNDP (Special Fund) direct costs.

Preparatory assistance

125. 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 fourteen of the requests recommended for approval at this session of the Council, and called upon the services of consultants to supplement the normal appraisals in connexion with twenty-six requests.

Cancellation of projects

126. With the concurrence of the Governments concerned, the Administrator recommended to the Governing Council the cancellation of the following projects: Bolivia (Feasibility survey for the exploitation of the Mutun iron ore and its transport) and Iraq (Conservation and development of the Lesser Zab Basin). Uncommitted earmarkings for these projects amounted to \$1,577,716 and the corresponding reserve for the Administrator's contingency authority to \$157,772.

Surrender of earmarkings for completed projects

127. Final allocations had been established for fourteen projects whose financial accounts were closed as of 31 December 1965. In the case of six of these projects, the allocations were lower than the Governing Council earmarkings by the amount of \$175,994. As a consequence, the earmarkings for these projects could be reduced by this amount and the contingency reserve reduced by a corresponding 10 per cent, or \$17,600.

Summary of discussion

128. During the discussion on programme recommendations a number of delegations made suggestions to the Administration on ways and means of improving programming and project implementation.

129. Concerning the increasing difficulties in recruiting experts and ensuring that they are assigned within a reasonable period, the Council requested that the Administrator prepare a report on ways and means of accelerating expert recruitment while ensuring adequate selection.

130. The Council also expressed concern at the report that resources no longer corresponded to the growing flow of requests received and felt that the Administrator should explore all possibilities of reserving the maximum amount of funds for project earmarkings.

131. The Council took note of the reservations expressed on certain projects as follows:

(a) The delegations of Bulgaria, Poland and the USSR objected to the approval of the project presented for the Republic of Korea. The delegation of the United States took exception to the injection of political considerations into the discussion of this project. In this connexion the representative of the USSR stated that the position of his delegation concerning this question was

based entirely on the requirements in the Charter of the United Nations, which provides for the suppression of acts of aggression and aiding the victims of aggression. The delegation of Canada made it known that there was no reason, to its knowledge, why the project should not be approved.

(b) The delegations of Algeria, Iraq, Jordan and Tunisia objected to the approval of the project for Israel.

(c) The delegation of Venezuela, while agreeing to the project for Guyana, reserved its Government's rights in regard to Venezuela's claim to the territory of Esequibo; the United Kingdom delegation suggested that, since Guyana, now independent, was not represented on the Council and was therefore not present to reply, the relevant part of the Venezuelan delegation's statement should be brought to the attention of the Government of Guyana.

132. After examining the procedure for the adoption of projects during the present session, the Council approved the proposed programme by regions as set forth in paragraph 121 above (table 5).

Decision of the Governing Council

133. 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 \$6,310,540 (equivalent to 10 per cent of the total shown for the column headed "Governing Council earmarking" in annex II) as a reserve for the Administrator's contingency authority;

(e) To cancel uncommitted earmarkings in the amount of \$1,577,716 and the corresponding reserve for the Administrator's contingency authority in the amount of \$157,772 for the projects recommended for cancellation in paragraph 126;

(f) To cancel unallocated earmarkings in the amount of \$175,994 and the corresponding reserve for the Administrator's contingency authority in the amount of \$17,600 for projects completed prior to 31 December 1965.

CHAPTER IV

FINANCIAL QUESTIONS

134. Under item 6 of its agenda, the Governing Council considered a statement of the financial position of the two components of the Programme (DP/L.16), and:

(a) The statements, as at 30 April 1966, of contributions pledged and paid to the Special Fund component of UNDP for the year 1966 (DP/SF/C/L.5), and of contributions outstanding for the years 1959, 1960, 1962, 1963, 1964 and 1965 (DP/SF/C/L.6); the statements, as of 30 April 1966, of contributions pledged and paid to the Technical Assistance component of UNDP for the year 1966 (DP/TA/C/L.5), and of contributions outstanding for the years 1957, 1958, 1959, 1963, 1964 and 1965 (DP/TA/C/L.6);

(b) Proposed revisions in the Financial Regulations of the Special Fund (DP/SF/L.6, DP/SF/L.7);

(c) Proposed revised arrangements for meeting preparatory and contingency requirements (DP/L.17 and Add.1).

Summary of discussion

135. Members of the Council expressed appreciation for the information on the financial status of the components of the Programme (DP/L.16) which was presented in detail for the first time, in response to requests from members at the first session. Improvements could be made in future presentation. Some projections of expected levels of income and outgo for future years for the Special Fund component would be useful; harmonization of financial terminology and procedures for the two components would permit a degree of consolidation in the statements to present an over-all picture of the financial situation of UNDP as a whole. The report on the status of investments - contained in appendices 1 and 2 of annex III of document DP/L.16 - could be improved by the grouping of investments of various types, and by clarifying the nature of "participation loans" which had been entered into by UNDP in co-operation with the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB). One member indicated that the inclusion in future statements of a balance sheet showing the assets and liabilities of UNDP would be useful. It was also felt that the publication of interim statements, perhaps on a quarterly basis, when the work of the secretariat permitted, would be helpful to members of the Council. The Administrator indicated that full account would be taken of the suggestions of members in the preparation of future statements and that steps toward harmonization of financial terminology were already being taken.

136. In the discussion of the significance of the financial data contained in the statements, one representative observed that the level of pledges for 1967 would have to exceed \$225 million if the level of earmarkings in 1967 was not to drop below the level established in 1966. One representative asked whether the estimates of pledges for future years for the Technical Assistance component were

not somewhat optimistic. Another noted that the statement on the financial position of the Special Fund showed clearly that the cash balances were not lying idle.

137. The Administrator was urged by several members to increase the proportion of investment placed in developing countries, and in this connexion it was suggested that investments in the regional development banks should be considered at the earliest opportunity. In this connexion, information about the liquidity requirements of the Special Fund would be useful. Referring to the question of the proportion of Special Fund investments placed in developing countries, the Administrator recalled the discussion which had taken place at the thirteenth session of the Governing Council of the Special Fund 2/ and understood that it was the wish of the UNDP Governing Council that the level of Special Fund investments in participation loans placed in developing countries should be increased in the first instance to \$40 million. The Administrator indicated that in the preparation of future statements full account would be taken of the suggestions of members.

138. Under item 6 (a) of the agenda, the Council noted the status of pledges and payments to both programmes for 1966 and prior years, as at 30 April 1966. The representative of the United States informed the Council of the practice followed by his Government in paying pledges on a matching basis as other payments were received, and reported that on the basis of information recently received from the UNDP secretariat, his Government was now able to make the final payments on its pledges for 1964, and to make further payments in respect of the years 1965 and 1966.

139. The representative of Denmark announced her Government's decision to increase its pledges to UNDP for 1966 by about 25 per cent. The pledge to the Technical Assistance component was increased from 18 to 22 million Danish kroner; the pledge to the Special Fund was increased from 18 to 23 million kroner.

140. Under item 6 (b), the Council considered two proposals by the Administrator for revision of the Financial Regulations of the Special Fund. The first proposal (DP/SF/L.6) comprised formal changes in terminology required by the merger, and was approved after a brief discussion.

141. The second proposal (DP/SF/L.7) concerned the requirement, in article 7.1 of the Financial Regulations, that recipient Governments should finance part of the cost of projects. As originally approved, the Regulations provide that recipient Governments shall be expected to finance part of the cost of projects, "at least that part payable in local currency". The Administrator asked that that language be modified to read "normally at least that part payable in local currency", so as to give a degree of flexibility which experience had indicated was necessary. The Administrator's proposal led to a general exchange of views on the position of UNDP relating to the calculation of the required levels of counterpart contributions for preinvestment projects and the criteria applied in determining the appropriate

2/ See Official Records of the Economic and Social Council, Thirty-ninth Session, Supplement No. 11, para. 126.

level of such contributions. The Administration explained that counterpart requirements for a particular project really represented assistance to the Government for mobilization of the national resources required by its Special Fund-assisted project, and that the level of counterpart contributions required varied from project to project depending mainly on the nature of the project. While recognizing this aspect, several representatives felt that some account should be taken of the Government's financial position, and that UNDP should not impose on recipient countries financial burdens which were unduly heavy in relation to their budgetary capacity. Others stressed the importance of Governments having a significant financial interest in UNDP projects. The extent of the financial participation of recipient Governments was one indication of the priority they attached to requests for UNDP assistance; significant levels of participation also gave welcome assurances of the continuity of the particular activity after UNDP assistance had come to an end. Payment by UNDP of local currency costs should only occur in abnormal circumstances.

142. One representative felt that the proposal did not go far enough. He recognized that the provisions of article 7.1 were based on part B, paragraph 52, of General Assembly resolution 1240 (XIII) and that further liberalization might require action by the Assembly. He asked the Administrator to advise the Council at its next session whether the stress laid by the article on the limitation of Special Fund financial involvement to the foreign exchange components of project costs distorted in any way the selection of projects for Special Fund assistance, whether the revision in the article proposed by the Administrator would permit elimination of any such distortion, and, if not, whether the General Assembly should be invited to reconsider the nature of the basic requirement laid down in resolution 1240 (XIII).

143. Another representative offered his interpretation of article 7.1 in its revised form. Not only did the revision give the Administrator some flexibility in determining the proportion of local currency costs which the recipient Governments would be required to meet, but it made it clear that recipient Governments would not normally be required to meet any of the foreign exchange costs of projects.

144. The Governing Council approved the revision in article 7.1 of the Financial Regulations of the Special Fund proposed by the Administrator.

145. Under item 6 (c), the Council considered the Administrator's proposals for revised arrangements for meeting preparatory and contingency requirements (DP/L.17). The Administrator proposed that a single new revolving fund should be established to subsume the hitherto separate authorities for financing Technical Assistance contingency activities and Special Fund preparatory assistance. In addition, he proposed that the revolving fund should incorporate a new element, in the amount of \$4.5 million, for the purpose of financing preliminary operations of Special Fund projects. The Administrator also recommended that, with the establishment of the revolving fund, the Technical Assistance Working Capital and Reserve Fund should be suppressed, and that the several functions formerly ascribed to that Fund should henceforth be fulfilled by other specified means.

146. Questions raised by a number of members during the general debate indicated the need for some clarification and elaboration of the Administrator's proposals, which were provided in an explanatory note (DP/L.17/Add.1), in which the Administrator suggested that the revolving fund be approved for one year on an experimental basis.

147. The Council generally supported that part of the proposal which provided for incorporation of the existing Technical Assistance contingency and Special Fund preparatory assistance authorities in one revolving fund. Most of the members felt that the proposal was in conformity with the basic objectives of the merger, and that it would give the Administrator a desirable degree of flexibility in meeting requests for assistance. One member objected to the proposal on the ground that it was in conflict with the intent of General Assembly resolution 2029 (XX), which provided that the funds for the components of UNDP should retain their separate identities.

148. The Council devoted the major part of its debate under item 6 (c) to the proposal under which the Administrator would be authorized to finance preliminary operations of projects of an exceptional and urgent nature under the Special Fund component prior to approval of those projects by the Governing Council. Many representatives supported the proposal, on the ground that the new arrangements would permit the Administrator to respond flexibly and quickly to urgent requests for assistance, and would permit elimination of operational delays of as much as one year. However, some representatives questioned the need for so large a sum as \$4.5 million for preliminary operations during the experimental period. Other representatives doubted that factors of real urgency could appropriately be ascribed to pre-investment projects. They observed that, in any case, delays in the processing of requests and the negotiation of plans of operation well exceeded the delays which would be eliminated under the Administrator's proposals. Most of the misgivings expressed by members, however, related to the risk that as a result of preliminary operations the Governing Council might be unable later on to go back on measures taken by the Administrator if it objected to the project in question. It was important, in their view, to maintain a clear distinction between executive and legislative powers, and the proposal risked dilution of the authority and responsibilities of the Council. On a related point, one representative was concerned to note that preliminary operations might include contracts with consulting firms, and wondered whether the use of a firm on preliminary operations would not inhibit freedom of choice in the selection of firms for the project as a whole.

149. One representative suggested an alternative solution, under which the Governing Council would be informed at a regular session by memorandum of any urgent projects on which the Administrator wished authority to conduct preliminary operations. In this way, the Council could be informed of urgent requests at a regular session and by authorizing preliminary operations could enable the Administrator, in cases where it was warranted, to gain several months on the usual period required for the implementation of projects. Presentation of the project for full and formal approval of the Council could take place at a subsequent session.

150. In his replies to questions from members, the Administrator indicated that, in the absence of experience, it was difficult to know the precise amount required for preliminary operations. He could assure the Council that the use of preliminary operations during the experimental period would be restricted to a small number of projects where factors of urgency were compelling, and that any commitments made under preliminary operations would be carefully circumscribed, so as to avoid any commitment of the Governing Council. The Administrator indicated that he would gladly inform the Council by memorandum of urgent cases in the manner requested, where appropriate, but that this procedure would not solve the entire problem.

151. In the light of the debate, the Administrator offered the following revised proposals for preliminary operations.

(a) For the overwhelming majority of requests for assistance under the Special Fund component, the normal procedures for approval of the projects by the Governing Council would apply.

(b) For exceptional cases of extreme urgency when, in the judgement of the Administrator, a departure from normal procedure was required to avoid loss of time when time was of the essence:

- (i) Wherever possible, the Administrator would meet the requirement for preliminary operations under other authorities at present available to him, including the normal Technical Assistance programmes, the Technical Assistance contingency authority, and the Special Fund preparatory assistance authority.
- (ii) When, in such cases, recourse to the authorities mentioned in sub-paragraph (i) above would not resolve the problem, but in his judgement preliminary operations could safely be deferred for advance approval at the next regular session of the Governing Council, the Administrator would defer preliminary operations until that session, inform the Council then by memorandum of the project in question, and seek advance approval, on the understanding that the Council would receive full information about the project in the normal way at the next session;
- (iii) When recourse to the authorities mentioned under sub-paragraph (i) above would not resolve the problem, and when in the judgement of the Administrator it would not be desirable to wait until the next regular session of the Governing Council, the Administrator would finance preliminary operations from the requested authority under the new UNDP revolving fund, and inform the Council at its next session.

(c) The revolving fund would be established at a level of \$7.5 million comprised as follows:

- (i) \$4.5 million to be transferred from the Technical Assistance Working Capital and Reserve Fund for technical assistance contingencies to be used under established criteria;
- (ii) \$1 million presently earmarked to the Administrator's preparatory authority;
- (iii) A new earmarking from Special Fund resources of \$2 million per year, to be used in exceptional cases for preliminary operations under the Special Fund component for the projects which are of great importance for the development of the national economies of the developing countries. The cost to UNDP of preliminary operations on any particular projects would not exceed \$300,000.

152. Several representatives expressed strong opposition to the principle of commencing preliminary operations without the Council's authorization. They pointed out that that meant calling into question the principle of the division of responsibilities between the Administration and the Council. The Administration's function was to propose and prepare a programme, and the Council's to approve it.

153. The Council welcomed the Administrator's revised proposals, accepted them, and decided:

(a) To establish a revolving fund of \$7.5 million for the purpose of financing Technical Assistance contingency activities and Special Fund preparatory activities under established criteria and for the additional purpose of financing urgent Special Fund preliminary operations prior to approval of the projects concerned by the Governing Council;

(b) To authorize the transfer of \$4.5 million from the Technical Assistance Working Capital and Reserve Fund to the UNDP revolving fund, and the transfer of the \$1 million earmarking for the Special Fund preparatory assistance authority into the revolving fund;

(c) To earmark \$2 million to the UNDP revolving fund from Special Fund resources for the purpose of financing preliminary Special Fund operations during an experimental period of one year; the cost to UNDP of preliminary operations on any particular project would not exceed \$300,000;

(d) To increase the earmarking for Special Fund preparatory assistance which does not eventuate in approved projects from \$80,000 to \$120,000;

(e) To agree that the purposes for which the Technical Assistance Working Capital and Reserve Fund was established would in future be fulfilled as follows:

- (i) The cash resources of the Special Fund component would be available to provide working capital required for technical assistance operations;
- (ii) Total UNDP assets would be available to meet liabilities arising from the liquidation of any component of UNDP; and
- (iii) In order to ensure that such forward contractual commitments or residual liquidating liabilities of the Technical Assistance component and of the UNDP secretariat as cannot be covered from current earmarkings would be covered in the event of liquidation, the Administrator would maintain at all times a sufficient balance of unallocated Special Fund resources in appropriate currencies to constitute an adequate liquidation reserve;

(f) To suppress the Technical Assistance Working Capital and Reserve Fund and agree that the balances in that Fund, less the amounts transferred to the new UNDP revolving fund, may be restored to the Technical Assistance central fund, to be available in stages for Technical Assistance programme finance.

154. In spite of the amendments made to the original draft, several representatives said they were still opposed to the decision embodied in paragraph 153 (c), since it authorized the Administrator to launch projects without prior authorization by the Council.

CHAPTER V

ORGANIZATIONAL MATTERS

155. At its first session the Governing Council of UNDP agreed that a number of organizational matters should be further discussed on the basis of a report to be submitted by the Administrator. ^{3/} These questions, which were discussed at the second session under item 7 of the agenda, were as follows:

- (a) Question of an ad hoc meeting of the Council in November 1966;
- (b) Basic principles, organization and methods of work of UNDP and the Governing Council, including the desirability of establishing special committees, such as a programme committee - Methods of facilitating Council consideration of documentation on projects and programmes;
- (c) Possibility of reaching procedural uniformity in the presentation and approval of projects and programmes;
- (d) Ways of enabling the Council to be fully informed of the size and composition of the regular technical assistance programmes of the participating agencies;
- (e) Possibility of arranging consultations between the officers of the Council and the members of the Inter-Agency Consultative Board (IACB).

156. The Administrator submitted two reports. The first (DP/L.18) covered item (a), (c) (d) and (e). In view of the particular importance of sub-item (b), the Administrator prepared a separate report on that question (DP/L.18/Add.1) and the Council considered it separately (see paragraphs 176-192 (below)).

Question of an ad hoc meeting of the Council in November 1966

157. In his report (DP/L.18) the Administrator recalled that in view of the decision of the Governing Council to hold its two annual sessions in January and June, he had suggested to the Council at its first session that an ad hoc meeting of the Council should be scheduled for November 1966 to permit approval of the 1967-1968 Technical Assistance programme in time for its implementation effective 1 January 1967.

158. After consultation with the Inter-Agency Consultative Board (IACB), he confirmed his view that an ad hoc meeting (or a resumed second session) of the Council for one or two days in November 1966, to approve the 1967-1968 Technical Assistance programme, was desirable. The only alternative would involve

^{3/} Ibid., Forty-first Session, Supplement No. 11, para. 122.

postponement of formal approval of the biennial programme until the regular January 1967 meeting of the Council, which would, in his view, be undesirable. Such a postponement could only be avoided if the Council were to authorize the Administrator to make preliminary allocations of funds, on the basis of an unapproved programme, pending the January 1967 session of the Council. It might have been possible to envisage some kind of advance authorization, but any such arrangement for advance allocations by the Administrator would, to be meaningful, have to be regarded as a commitment of the Council to approve the programme. While the Administrator considered it necessary to hold a short ad hoc meeting of the Governing Council in November 1966, he did not envisage the same necessity in November 1967. He hoped that advance allocations of funds by the Administrator for the second year of the already approved biennial programme could be considered as an acceptable means of avoiding this necessity.

159. The Council agreed that a short special session in November 1966 for the purpose of approving the 1967-1968 Technical Assistance programme was necessary. One member expressed the view that the November 1966 meeting might provide an additional opportunity to discuss the Technical Assistance component, which he felt had not been adequately covered at the present session. Another member hoped that the procedures of the Technical Assistance component would be changed, so that it would be possible to avoid such an ad hoc meeting in November 1967 and thereafter.

160. The Council decided to hold a short special session in November 1966 for the purpose of approving the 1967-1968 programme of the Technical Assistance component.

The possibility of reaching procedural uniformity in the presentation
and approval of projects and programmes

161. The Administrator's report contained a brief factual description of the way in which projects and programmes of each component of UNDP had in the past been presented to and approved by the appropriate inter-governmental governing body, together with some comments.

162. With regard to the possibility of reaching some degree of procedural uniformity, the Administrator pointed out that arrangements for the preparation of the 1967-1968 Technical Assistance programme had been approved by the Technical Assistance Committee in November 1965, and that he was proposing separately that an ad hoc meeting (or a resumed second session) of the Council be held in November 1966 to approve that programme. However, a period of eighteen months was available for consideration in depth of possible refinements in the procedures for presentation and approval of the Technical Assistance programme for future years. It might therefore be appropriate to consider 1 January 1969 as a possible effective date for any revised procedures which might be determined. In this connexion, he recalled that General Assembly resolution 2029 (XX) provided that:

"the principles, procedures and provisions governing the Expanded Programme of Technical Assistance and the Special Fund not inconsistent with the present resolution ... shall continue to apply to relevant activities within the United Nations Development Programme",

and that:

"the special characteristics and operations of the two programmes... will be maintained..."

It was clear that any attempt at achieving greater procedural uniformity in the presentation and approval of projects and programmes of the Technical Assistance and Special Fund components of UNDP must be made in the light of the General Assembly resolution.

163. It was the general view of the Council that it was desirable to study further the possibility of harmonizing differences between the two components. One representative thought in this connexion that it was essential to have the views of the developing countries on any difficulties they might have had with present procedures, particularly those of the Technical Assistance component, before expressing his views on the best methods of presentation and approval of programmes. Another representative recalled that in his general remarks under item 5 of the agenda he had expressed the view that project budgeting should be introduced into the Technical Assistance component; it was important that any such change should be preceded by a careful study, including one on measures corollary to project budgeting. Other members thought that the Council should proceed with caution in considering changes in present procedures of the two components of UNDP: legal questions were involved and hasty action might harm the tried machinery which had been built up over the years. One member expressed the view that components as dissimilar as the Technical Assistance and Special Fund components of UNDP could not be integrated and that this would in any event be contrary to General Assembly resolution 2029 (XX); it was too early to envisage any change in that basic resolution.

164. The Co-Administrator thanked the members of the Council for their comments on the question of procedural uniformity, which would be very helpful to the UNDP secretariat in any further study of the matter. He thought it was important to present to the Council a report showing the main characteristics of the two components, how far it was possible to obtain a rationalization of the terminology used, and the feasibility of devising a system of programming which would respect the special characteristics of the two components and yet facilitate the work of the Council and improve UNDP services to the developing countries. He suggested that a preliminary report should be submitted to the Council in January 1967, after appropriate consultations with the representatives of developing countries, the specialized agencies and the International Atomic Energy Agency (IAEA), but no final decision should be taken until the June 1967 session. There was time to implement any changes in the programming procedures of the Technical Assistance component under this schedule, since arrangements for the 1967-1968 programme were already completed and those for the 1969-1970 biennium did not have to be decided until December 1967.

165. At the conclusion of its discussion, the Council decided to request the Administrator to study further the question of the harmonization of differences between the two components of UNDP related to the presentation and approval of projects and programmes and to submit an interim report to the third regular session of the Council.

Ways of enabling the Council to be fully informed of the
size and composition of the regular technical assistance
programmes of the participating agencies

166. As requested by the Council at its first session, the Administrator had consulted with the Inter-Agency Consultative Board on this matter at the Board's first meeting in March 1966. The Administrator had suggested that information on the progress of the agencies' regular technical assistance programmes might be provided in the form of a consolidated progress report to be submitted to the Council at its June session each year; the report would be prepared by the Administrator on the basis of information supplied by the specialized agencies and IAEA. It had been agreed that the UNDP secretariat should work out with the agency officials concerned arrangements for submission to the UNDP secretariat of the information required for reports to the Council on the regular technical assistance programmes of the agencies, and should report to the autumn session of IACB on the proposed form and content of such reports.

167. In view of the special circumstances prevailing in 1966, it had not been possible for the Administrator to prepare a progress report on the regular technical assistance programmes of the specialized agencies and IAEA for the June 1966 session of the Council. The first such report would therefore be submitted to the Council in June 1967. However, information on the over-all level of operations under the agencies' regular programmes was included in the Administrator's report on the activities of UNDP (DP/L.15) under item 5 of the provisional agenda.

168. Two members emphasized the importance of the Council's having full advance information about the regular technical assistance programmes of the participating agencies, and of reaching a greater degree of uniformity between specialized agency procedures and those of UNDP, in order to promote co-ordination and avoid duplication between the UNDP programme and the regular technical assistance programmes of the agencies. The Administrator indicated that the procedures applied by the participating agencies in their regular technical assistance programmes were the responsibility of the agencies, but that the views expressed would be brought to their attention.

169. The Council noted that the Administrator would prepare a full report on the regular technical assistance programmes of the specialized agencies and IAEA for its June 1967 session.

The possibility of arranging consultations between the officers of the
Council and the members of the Inter-Agency Consultative Board

170. The Administrator pointed out in his report that, as requested by the Council at its first session, he had consulted the Inter-Agency Consultative Board, at its first session, in March 1966, concerning the possibility of arranging consultations between the officers of the Council and the members of the Board, along the same lines as those which had been arranged between the officers of the Economic and Social Council and the Administrative Committee on Co-ordination.

171. In the Inter-Agency Consultative Board, it was agreed that, while the members of the Board were of the opinion that informal consultations between the officers of the Council and the Board would be useful, there should not, in

the view of the Board, be any institutionalized arrangements for such consultations. It was, however, agreed further that the Administrator should report to the Governing Council that the members of the Board were willing to give the most serious consideration to any request from the Governing Council for the informal discussion of any issue of general policy on which the Council would like to have its views.

172. The President pointed out that he and the available officers of the Governing Council had had an informal gathering with the members of the Inter-Agency Consultative Board on 23 March 1966, on the first day of the Board's first session in New York. He asked for the views of the Council on any further contacts which should be made with the members of the Board.

173. One representative, who referred to the fact that he was the originator of this proposal, stated that he still felt that his idea of formal consultations was preferable. He, nevertheless, did not insist on it.

174. Another representative recalled, however, that the General Assembly had established the Inter-Agency Consultative Board as advisory to the Administrator of UNDP, not to the Council. The IACB had in effect informed the Council through the Administrator that it felt it would be unwise for the Board to become an advisor to the Council through institutionalized arrangements for regular, formal consultations between the Council and the Board. He suggested that the Council accept the Board's invitation to have ad hoc meetings from time to time if it found the usual channel of communication (the Administrator) inappropriate.

175. The Council took note of the willingness of IACB to give the most serious consideration to any request from the Governing Council for the informal discussion of any issue of general policy on which the Council would like to have its views.

Basic principles, organization and methods of work of UNDP and the Governing Council, including the desirability of establishing special committees, such as a programme committee - Methods of facilitating Council consideration of documentation on projects and programmes

Basic principles

176. The Administrator recalled in his report (DP/L.18/Add.1) that in proposing the inclusion of the words "Basic principles" at the beginning of this item, one representative had suggested at the first session that the officers of the Council, with the assistance of the UNDP secretariat, might take steps to assemble resolutions or parts of resolutions relevant to the principles which should guide the Council in its work. The Administrator pointed out that the General Assembly, in paragraph 2 of its resolution 2029 (XX), had reaffirmed "the principles... governing the Expanded Programme of Technical Assistance and the Special Fund not inconsistent with the present resolution" and declared "that they shall continue to apply to relevant activities within the United Nations Development Programme". For the information of the Governing Council, there were reproduced in the report the following portions of resolutions of the General Assembly

and the Economic and Social Council, which contained the relevant guiding principles: in the case of the Technical Assistance component, Economic and Social Council resolution 222 A (IX), annex I; in the case of the Special Fund component, General Assembly resolution 1240 (XIII), part B (I), (II), (III) and (V), paragraphs 31-33.

177. One representative expressed the view that it was important and useful, since the two predecessor programmes had been merged, for the Council to recall the basic principles governing UNDP and to make a general review of trends of activities and discuss its approach to the execution of the Programme.

178. One of these principles was that UNDP should concentrate on basic questions of vital interest to the developing countries. Obviously industrialization, which would ensure a progressive improvement in all other branches of the economies of the developing countries, was most important. The growing funds of UNDP should be used directly by the Programme in the construction of industrial projects and pilot plants. He welcomed the initiatives of UNDP in that direction but emphasized that even more should be done. Another basic principle was that of universality: it was essential for those States which were not Members of the United Nations or members of the specialized agencies to be able to participate in the work of UNDP. In the development of its activities, UNDP must also take into account developments and activities of other organs of the United Nations such as the United Nations Organization for Industrial Development (UNOID) and the United Nations Conference on Trade and Development (UNCTAD).

179. Another important principle which UNDP should continue to observe in giving assistance is that it should take into account the views of the developing countries on the kind of aid needed, as well as their national development plans, which in most cases emphasized industrialization. For example, many developing countries felt it was important to develop the public sector of their economies.

180. Finally, an important principle was that the funds of the Special Fund component should not be dispersed. Every effort should be made to concentrate the use of the resources of the Special Fund component where they would be of most use.

181. Now that UNDP was entering an active stage of its development it was necessary to recall its basic principles, from which no deviation should be permitted. Perhaps one day the principles of the Expanded Programme of Technical Assistance and the Special Fund would be consolidated, but in the meantime it was the task of the Council constantly to remind the Administrator of the basic principles and main policy lines of the Programme in order to improve it in the interest of the developing countries.

Organization and methods of work

182. In connexion with "... organization and methods of work of UNDP and the Governing Council including the desirability of establishing special committees, such as a programme committee", the Administrator had been requested to prepare a report "in the light of the discussion at the Council's first session, the experience which would have been gained under the merger and the experience of the governing councils of other international organizations, suggesting appropriate

methods of enabling the Council to obtain a fuller understanding of the documentation relating to projects and programmes submitted to it". 4/

183. After referring in some detail, in his report, to the discussion at the Council's first session concerning the establishment of a programme committee, the Administrator submitted information about the experience of the governing councils of other international organizations. With regard to the experience of UNDP itself since the merger, he pointed out that the period of six months which had elapsed since the passage of General Assembly resolution 2029 (XX) was too brief to permit the drawing of any valid conclusions regarding the Governing Council's experience. However, the fifteen years of experience of the former Technical Assistance Committee and the seven years of experience of the Governing Council of the Special Fund might perhaps be considered to be the most relevant, since they were the two predecessors of the Governing Council of UNDP. The progressive growth of both programmes seemed to indicate that they had made a significant contribution, within the limited resources available, to meeting the needs of the developing countries. This had been accomplished without the establishment of a programme committee.

184. Many suggestions were made by members of the Council with regard to the organization of the work of the Council. It was generally agreed that longer sessions of the Council were necessary in order to permit adequate discussion of general policy issues and important questions of principle. One representative thought that a more balanced consideration of all three aspects of the Programme - the Technical Assistance component, the Special Fund component and the United Nations regular programme - should be provided for at future sessions. The Council should normally avoid voting and proceed by consensus; to this end it must have sufficient time to explore in private the complex questions brought out in general statements. Another way of improving the Council's working methods would be to organize the agenda around the central issues to be discussed by the Council.

185. As regards the specific question of establishing a programme committee, most members thought that it was premature to consider the reorganization of the Council at this time. Several representatives repeated the objections to the proposal which had been raised at the first session of the Council. One pointed out that it was already difficult enough for the Administrator to prepare the documentation for the regular sessions of the Council on time in all the working languages and that additional meetings of a programme committee would only make the situation worse. Furthermore, it would be difficult to recruit and retain top officials if their normal freedom of action was unduly limited by the existence of a programme committee. The establishment of a programme committee would also increase the overhead costs of the Programme by necessitating increased staff. Finally, the delegation of the Council's powers to a smaller body would be contrary to General Assembly resolution 2029 (XX).

186. Other representatives, while recognizing the constructive intent of the author of the proposal and not objecting in principle to the establishment of a programme committee, felt that they did not have sufficient information regarding

4/ Ibid., para. 122 (b).

its proposed composition, terms of reference etc. to take a decision at the second session. Furthermore, the implications of such a decision were not clear to them, and they were not convinced of the real need for such a committee; their experience of committees of other bodies had often been negative and they did not wish to delay or complicate the process of programme approval. One representative suggested that the submission of projects in good time would ensure the fuller examination of projects, which was one of the aims of the programme committee.

187. The representative who had originally suggested the establishment of a programme committee referred those who felt that they did not have sufficient information about the proposal to the report of the Governing Council on its first session. ^{5/} He noted that the establishment of a small programme committee was in conformity with rule 30 of the Council's rules of procedure which permitted the setting up of committees of the whole or of committees of limited membership. Since the proposed programme committee would meet after the programme recommendations had been prepared, in order to analyse the programme and bring out its highlights, he did not see how it could interfere in the programme process.

188. The Council generally agreed that the discussion of this item had been most useful. The organization and methods of work of UNDP and the Governing Council needed improvement and the creation of a programme committee might ultimately contribute to this end. However, the work of the Council was still in its early stages and improved working methods should be evolved gradually. While it was of interest to know what working methods were used in other bodies, those of the Council should be based on its own particular circumstances rather than on other organizations or organs.

189. At the conclusion of its discussion, the Council decided to place on the agenda of its third session the question of ways and means of improving the organization and methods of work of UNDP, including the desirability of establishing a programme committee.

Methods of facilitating Council consideration of documentation on projects and programmes

190. The final portion of the Council's decision at its first session relating to a report on its organization and methods of work had requested that the Administrator suggest "appropriate methods of enabling the Council to obtain a fuller understanding of the documentation relating to the projects and programmes submitted to it." ^{6/}

191. The Administrator pointed out in his report that, following informal consultations with members of the Council after the first session, an item entitled "Exchange of views between the Council and the Administrator in private meetings on questions arising in connexion with the Programme" had been included in the provisional agenda, adopted at the 20th meeting. Five private meetings had been held at the beginning of the second session.

^{5/} Ibid., para. 119.

^{6/} Ibid., para. 122 (b).

192. There was general agreement that a useful beginning in the improvement of the Council's working methods had been made with the introduction of the "question-and-answer" private meetings. Opinions were divided about whether to have the question-and-answer period in public or private sessions. However, there was agreement that since the process of improving working methods was an evolutionary and continuing one, the practice of private meetings should be continued at the third session; they should be organized in the light of the suggestions made in the course of the discussion at the second session, as contained in the relevant summary records. 7/

Amendment of rule 6 of the rules of procedure

193. At its 33rd meeting the Council decided to amend rule 6 of its rules of procedure by inserting "the United Nations Conference on Trade and Development" between "the United Nations Organization for Industrial Development" and "and the United Nations Institute for Training and Research", so that rule 6 would read as follows:

"The specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund, the World Food Programme, the United Nations Organization for Industrial Development, the United Nations Conference on Trade and Development and the United Nations Institute for Training and Research may:

"(a) Send representatives to meetings of the Governing Council;

"(b) Participate, without the right to vote, through their representatives, in deliberations with respect to matters within the scope of their activities."

7/ DP/SR.31-33. See also DP/SR.25-27.

CHAPTER VI

PROVISION OF OPERATIONAL PERSONNEL UNDER THE EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

194. Under item 8 of its agenda, the Council considered a report by the Administrator (DP/TA/1 and Add.1) by which, in pursuance of Economic and Social Council resolution 951 (XXXVI) and of General Assembly resolution 1946 (XVIII), he presented a review of the provision of operational personnel under the Expanded Programme of Technical Assistance during 1964, 1965 and the early part of 1966. This report included a recommendation by the Administrator to extend the authorization to use the funds of the Technical Assistance component of UNDP beyond 1966 for the provision of operational personnel by all the participating agencies. Such action would maintain the freedom of choice of the small number of recipient countries which wished to utilize the services of such experts. It was pointed out in the report that requests of operational personnel represented only 2.5 per cent of the total 1965-1966 Technical Assistance programme.

195. The Council took note of the report of the Administrator and of his recommendation that the authorization of the use of funds of the Technical Assistance component for the provision of operational personnel by all participating agencies should be extended to cover the biennium 1967-1968, and of his intention to propose a recommendation for the amendment of General Assembly resolution 1946 (XVIII) to accomplish this purpose.

196. One delegation pointed out that it had always been opposed to the provision of operational personnel under the heading of technical assistance, and the way in which some developing countries regarded that type of assistance confirmed its attitude.

CHAPTER VII

EXPANDED SCHEME FOR USING ASSOCIATE EXPERTS ON UNITED NATIONS TECHNICAL CO-OPERATION PROGRAMMES

197. Under item 9 of its agenda, the Council considered the question of expanding the use of associate experts.

198. This matter had been discussed at the first session of the Governing Council on the basis of a note by the Secretary-General (DP/RP/L.2). A further report had been requested of the Secretary-General after he had had the opportunity of consulting with donor Governments, recipient Governments and the specialized agencies. Based on the replies received from Governments, the Secretary-General's proposal was revised (DP/RP/L.2/Rev.1) to exclude the use of programme funds for the payment of a portion of the cost of the associate experts.

199. While some members expressed reservations concerning the use in the programme of associate experts supplied by non-governmental organizations, there was general agreement in the Council with the Secretary-General's revised proposal. The report of the Secretary-General (DP/RP/L.2/Rev.1) was noted by the Council. The recruitment of associate experts will continue on the basis of the requirements of Economic and Social Council resolution 849 (XXXII).

CHAPTER VIII

UNITED NATIONS PROGRAMMES OF TECHNICAL CO-OPERATION

200. Under item 10 of its agenda, the Governing Council had before it for consideration the annual report of the Secretary-General (DP/RP/1 and Add.1) which provided an analysis of major trends together with statistical material on the technical assistance activities for 1965. In addition, the Council had before it the detailed programme proposals for 1967 for that part of United Nations activities which is financed from the regular budget (DP/RP/1/Add.2); the Secretary-General's related budget request for part V (Technical programmes) of the 1967 budget estimates (DP/RP/1/Add.3); a report of the Secretary-General setting out proposals emanating from other bodies which would affect the use of technical assistance resources (DP/RP/1/Add.4 and Corr.1); and the time-table proposed by the Commissioner for Technical Co-operation for consideration and approval of the United Nations regular programme of technical co-operation (DP/RP/L.3). This material was supplemented by statements made by the Commissioner at the 35th ^{8/} and 36th meetings. The question of the expanded scheme for using associate experts on United Nations technical co-operation programmes was discussed separately as item 9 of the Council's agenda (see chapter VII above).

Review of 1965 activities

Secretary-General's report

201. Activities in 1965 reached the level of \$34 million which included operations under the regular programme, the Expanded Programme of Technical Assistance, the Special Fund and funds-in-trust arrangements. This compared with \$32.9 million in 1964 and \$23.2 million in 1963. The increased activities were mainly attributable to the growth in the number of Special Fund projects for which the United Nations is the designated executing agency.

202. The percentage distribution of the 1965 total by major fields of activity was: economic development, 77 per cent; social development, 15 per cent; public administration, 7 per cent; and approximately 1 per cent for human rights and narcotic drugs control. This percentage distribution corresponded almost exactly with the distribution in 1964. As regards the regular programme only, 48.7 per cent was spent for economic development, 30.5 per cent for social development, 16.9 per cent for public administration, and 3.9 per cent for human rights advisory services and narcotic drugs control.

203. Within the United Nations total activity, experts coming from ninety-four countries served on 2,364 assignments. Fellowships were awarded to 1,262 nationals of 115 countries and territories for study in seventy-two different countries. In

^{8/} The text of the statement made by the Commissioner at the 35th meeting was distributed as document DP/RP/L.4.

addition, individuals from 118 countries and territories participated in various United Nations training programmes with twenty-four Governments providing host facilities.

204. The percentage distribution as between national programmes and regional and inter-regional projects for all activities exclusive of Special Fund projects was 69.7 per cent and 30.3 per cent respectively. For the regular programme alone, the percentages were 56.6 for national and 43.3 for regional and inter-regional.

205. There was little change in 1965 in the dollar value or percentage distribution by geographic region of the combined regular and Expanded Programme delivered programmes. The programme for the African region, which in previous years had been greatly increased, has levelled off.

206. In connexion with the level reached in 1965 for principal fields of activities, it should be remembered that an impressive growth occurred in the years 1960-1963, when a major increase took place in budgetary provisions for newly independent and emerging States at the same time as the Expanded Programme availabilities were still increasing from year to year. Now that relative stabilization in those resources has occurred, only modest gains are to be anticipated for the immediate future.

207. Increased allocations to regional and inter-regional programmes are explained by two main factors. The level of funds required to meet the continuing demand for and use of the services of regional and inter-regional advisers has increased. There has been a recent expansion of the scope of training activities allowing groups of United Nations fellows to participate in specially arranged courses.

208. Experience has shown that training programmes for groups of fellows are relatively more desirable than those for individual fellows in that fewer host facilities need to be sought and the special technological requirements when found can serve many fellows. A type of group training has emerged which is designed to fill the gap between the basic knowledge gained at the university level and the practical application thereof. Extensive programmes of industrial in-plant group training are prime examples.

Summary of discussion

General observations

209. Appreciation was expressed of the report and other material presented by the Secretary-General and the explanatory statement thereon made by the Commissioner for Technical Co-operation. Many representatives mentioned that, as a consequence of the merger, the present Governing Council is not only the Governing Council of UNDP but in addition is the inter-governmental body entrusted by the Economic and Social Council and the General Assembly with providing technical supervision over the totality of United Nations operational activities. With this in mind, the suggestion was made by a number of delegations that future issues of the Secretary-General's report on technical assistance activities should contain information on a co-ordinated basis showing all phases of the operational activities carried out by the United Nations, including its Special Fund projects, and giving fuller material on actual implementation. The suggestion was also made by several

representatives that thought should continue to be given to improvements in the preparation of the agenda and related ordering of work to enable the Council to deal with its United Nations responsibilities in an orderly and thorough manner. The proposal was also made that opportunity should be accorded to delegations to bring up United Nations matters in the course of the private question-and-answer period.

210. Concerning the 1965 performance reported in document DP/RP/1, it was noted that the level of programme delivery was the highest thus far achieved. There was general agreement that the activities coming within the Secretary-General's authority were of an important and useful character. One delegation expressed concern as to the ability of the Secretariat as presently organized and staffed to cope adequately with programme execution on such an increasing scale. It was remarked by another delegation that the United Nations Secretariat appeared to take no initiative in using that country's currency contribution, thereby depriving developing countries of human and other resources that could be made available.

Regular programme

211. In the discussion on the regular programme, a large number of delegations mentioned its vital role in the over-all technical assistance operation. One delegation stated its opinion that United Nations budget funds were being used for small projects of secondary importance and that the regular programme was used increasingly for certain hidden activities and activities of regional economic commissions. It was remarked by other delegations that the regular programme had a special importance for the development of projects later to be undertaken from other sources.

212. With regard to the distribution by major fields of activity of the 1965 delivered programme, several delegations were concerned with the decline in the volume of the programme in the field of social development. A decline in public administration activities was also noted; some delegations were concerned over this development, while others questioned the value of certain aspects of this area of assistance. The Commissioner pointed out that such changes reflected the priorities assigned by requesting Governments as well as the emphasis assigned to impact areas by legislative bodies, including regional economic commissions. In response to several inquiries, the Commissioner assured the Council that the Secretariat was already providing information to all recipient Governments on the ability of the regular programme to respond to requests in all development fields. During the course of the discussion, references were made to the usefulness of the continuing human rights advisory services.

213. The proportion of the programme devoted to regional and inter-regional advisers was discussed by several delegations who questioned the usefulness of this activity in relation to country needs. It was recognized that the growth of this activity had taken place in the light of legislative authorizations of the General Assembly, the Economic and Social Council and functional commissions and regional economic commissions of that Council. It was felt nevertheless that the time might have come for an evaluation based on experience to date. The

Commissioner, in view of the consensus favouring such an evaluation, undertook to prepare for a future session of the Governing Council a report which would bring up to date and supplement the earlier material on this subject submitted to the Technical Assistance Committee in June 1965. 9/

Action taken by other bodies

214. The Governing Council considered a report by the Secretary-General (DP/RP/1/Add.4 and Corr.1) listing relevant programme recommendations arising from commissions and committees of the Economic and Social Council and actions taken by other United Nations bodies. The Governing Council reviewed the individual annexes to the report, which contained the following material: annex I-A, Commission on Human Rights: resolutions 9 (XXII) and 10 (XXII) on advisory services in the field of human rights; 10/ annex I-B, Commission on the Status of Women: resolution 8 (XIX) on advisory services in the field of human rights, resolution 6 (XIX) on United Nations assistance for the advancement of women, and resolution 7 (XIX) on implementation of a long-term programme for the advancement of women; 11/ annex I-C, Social Commission: resolution 1 (XVII) on reappraisal of the role of the Social Commission, and resolution 3 (XVII) on research-training programme on regional development; 12/ annex I-D, Committee on Housing, Building and Planning: paragraphs 139 and 140 of the Committee's report containing observations on progress in pilot projects and suggesting that a study should be made on the question of the use of programme resources to finance the purchase of local building materials under specified conditions; 13/ annex I-E, Committee for Industrial Development: paragraph 172 of the Committee's report, relating to UNOID; 14/ annex I-F, Commission on Narcotic Drugs: paragraphs 414-416 of the Commission's report, dealing with the programming and implementation of the regular programme and the Expanded Programme in narcotics control as a whole; 15/ annex II-A, Economic and Social Council: paragraph 2 of resolution 1104 (XL), in which the Secretary-General is requested to provide the Commission on Narcotic Drugs at each annual session with the best available information on future project proposals for technical co-operation in the field of narcotic drugs control so that the Commission's comments and recommendations can be taken into account in the formulation of annual programme submissions; annex II-B, General Assembly: relevant portions of resolution 2099 (XX) on "Technical assistance to promote the

9/ See Official Records of the Economic and Social Council, Thirty-ninth Session, Annexes, agenda item 15, document E/4016, paras. 93-142.

10/ Ibid., Forty-first Session, Supplement No. 8.

11/ Ibid., Supplement No. 7.

12/ Ibid., Supplement No. 10.

13/ Ibid., Supplement No. 9.

14/ Ibid., Supplement No. 6.

15/ Ibid., Fortieth Session, Supplement No. 2.

teaching, study, dissemination and wider appreciation of international law" and relevant observations thereon by the Advisory Committee on Administrative and Budgetary Questions, the Sixth Committee and the Secretary-General.

215. Concerning annex II-A, the Governing Council was informed that the Secretary-General would comply with the request of the Economic and Social Council in its resolution 1104 (XL).

216. The Governing Council's decisions on the remaining annexes are recorded in paragraph 225 below. In connexion with the request of the Committee on Housing, Building and Planning (annex I-D), the Secretary-General was asked to conduct the proposed study in close co-ordination with the general study on local costs which the Governing Council has instructed the Administration to undertake.

Programme levels for 1967 and 1968

217. In 1965 the Technical Assistance Committee recommended and the Economic and Social Council endorsed \$6.4 million as the 1967 working level for planning purposes and for inclusion in part V of the Secretary-General's initial budget estimates for that year. The detailed programme proposals within that level were presented to the Governing Council (DP/RP/1/Add.2), together with the text of the Secretary-General's related budget request for part V (Technical programmes) of the 1967 budget estimates (DP/RP/1/Add.3).

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

	<u>\$US</u>
Economic development	3,449,600
Social development	1,818,200
Public administration	837,200
Sub-total	<u>6,105,000</u>
Human rights advisory services	220,000
Narcotic drugs control	<u>75,000</u>
Total	<u>6,400,000</u>

219. This distribution is provisional in the sense that programme revisions requested by countries during the operational year may have the effect of changing the distribution as between economic development, social development and public administration. The amounts for human rights advisory services and narcotic drugs control, however, represent ceilings and are not subject to such adjustment. Any savings in these last two programmes are not transferable to the consolidated provision for the other activities under part V.

220. In the discussion of the programme proposals, observations were made on the question of the relationship between the regular budget and voluntary funds for technical assistance purposes. One representative stated that the assessed budget was not adjusted to financing technical assistance, which should be provided on a voluntary basis. Many representatives spoke in support of continuing the present budgetary provision for the regular programme, and two representatives contemplated increases in future years. Others favoured continuation at no more

than the current level. The consensus was that the \$6.4 million level initially proposed for 1967 by the Technical Assistance Committee should be confirmed and the related programme proposals approved as submitted.

221. It was the consensus of the Council that a separate United Nations regular programme of technical assistance should be maintained. Some members, however, wondered whether the maintenance of this programme would be useful in view of the existence of UNDP. They felt that technical assistance furnished through the regular budget should not exceed the present level and should be progressively reduced and absorbed into UNDP.

222. The Commissioner for Technical Co-operation had requested in his statement (DP/RP/L.4) that the Council propose a working level for planning the 1968 programme and for use in the related initial budget estimates for that year. When this matter was under consideration, one delegation, in suggesting \$6.4 million for 1968, requested that within that total level the provision for human rights advisory services and narcotic drugs control remain at \$220,000 and \$75,000 respectively.

Time-table for consideration of the regular programme

223. The Council had before it a note by the Commissioner for Technical Co-operation (DP/RP/L.3) concerning the time-table for consideration and approval of the United Nations regular programme of technical co-operation. The Commissioner had recommended that the reports on the previous year's activities and the programme proposals for the following year be submitted to the Council at its June sessions. Matters other than those mentioned, such as programme development and direction, could conveniently be dealt with at the January sessions. The Council concurred in this recommendation.

Other related questions

224. In the course of the discussion, reference was made to the importance for technical assistance of UNOID and UNCTAD relationships within the United Nations framework. Observations were also made concerning the increasing recourse to trust funds and bilateral grants in supplementing normal multilateral financing of programmes. The Commissioner informed the Council that the Secretary-General would give attention to these important matters.

Decisions of the Council

225. At the conclusion of its consideration of United Nations programmes of technical co-operation the Council took the following actions:

(a) The Council took note of the statement by the Commissioner for Technical Co-operation (DP/RP/L.4);

(b) The Council took note with appreciation of the report of the Secretary-General on the United Nations programmes of technical co-operation carried out in 1965 (DP/RP/1 and Add.1);

(c) In respect of the annexes to document DP/RP/1/Add.4 listed below, the Council took the following actions:

Annex I-A (Commission on Human Rights)

The Council took note of the Secretary-General's intention to provide for new proposals on a priority basis without requesting any adjustment in the existing level of appropriations for human rights advisory services.

Annex I-B (Commission on the Status of Women)

The Council took note of the proposals of the Commission and of the intention of the Secretary-General to bring to the Governing Council at an appropriate future time any specific proposals for the long-term improvement of the status of women which would affect the provision of funds under part V of the United Nations budget.

Annex I-C (Social Commission)

The Council took note of the proposals of the Commission.

Annex I-D (Committee on Housing, Building and Planning)

The Council noted that the Committee's request for a study by the Secretary-General was to be complied with.

Annex I-E (Committee for Industrial Development)

The Council took note of the report of the Committee for Industrial Development. 16/

Annex II-B (General Assembly)

The Council took note of the developments in connexion with General Assembly resolution 2099 (XX) on a programme of technical assistance in the field of international law.

(d) With respect to the level of the regular programme for 1967 and 1968 the Council:

- (i) Recommended the level of appropriations of \$6.4 million proposed for that part of the United Nations 1967 operational activities which are covered by the regular budget, as shown in the annex to document DP/RP/1/Add.3;
- (ii) Approved the 1967 regular programme as set out in the report of the Secretary-General (DP/RP/1/Add.2);

16/ Ibid., Forty-first Session, Supplement No. 6.

- (iii) Authorized the Secretary-General to take \$6.4 million as a working level for use in planning the 1968 United Nations regular programme and for incorporation in the 1968 United Nations budget estimates as the provisional budget request under part V;
- (iv) Approved the draft resolution prepared by the Secretary-General for submission to the Economic and Social Council, by which the Economic and Social Council would endorse the Governing Council's proposals of \$6.4 million as the level of appropriations for part V of the regular United Nations budget for 1967 and \$6.4 million as the provisional working level for 1968 (see annex III to this report);
- (e) The Council approved the time-table for consideration and approval of the United Nations regular programme of technical co-operation proposed by the Commissioner for Technical Co-operation in document DP/RP/L.3.

CHAPTER IX

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

226. Under item 11 of its agenda, entitled "Consideration of ways and means of implementing recommendation A.IV.8 of the United Nations Conference on Trade and Development (Gradual transformation of the United Nations Special Fund) 17/ (General Assembly resolution 2042 (XX))", the Governing Council had before it a note by the Administrator (DP/L.19).

Summary of discussion

227. The President opened the discussion by suggesting that since the respective views of Governments on the proposal for a special United Nations fund for economic development (SUNFED) were well known, the Council might confine itself to discussing the possibilities for transforming the Special Fund.

228. Several representatives stressed the important role of the Special Fund in the field of pre-investment and expressed fears that an extension of the programme into the field of investment proper might jeopardize the programme's valuable pre-investment work by taxing its already scarce resources and putting a strain on its administrative capacities. The advance of the programme into the area between pre-investment and investment was supported by some members. Another representative considered that extension into investment, particularly into industry, would not be to the detriment of the Special Fund. One representative considered that pre-investment was not an essential prerequisite to investment; it was a costly and lengthy process. He contended that some countries needed income-generating investments now to help supplement taxes and thus pay for further investments. Investment need not be at the expense of pre-investment. New resources could be found; it might, for example, be possible to use part of the balance of payment surpluses of the developed countries to grant soft loans to the developing countries. He regretted that little thought appeared to have been given to the many possible ways in which UNDP might finance capital investment funds.

229. The Administrator recalled that in the field of pre-investment UNDP played an important role in solving the problem, referred to by many members, of increasing the capital flow from the developed to the developing countries. Sound pre-investment projects would attract more capital investment from all sources, public and private.

230. It was agreed by several members that the greatest problem was to increase the capital flow. Some considered that since the funds available to UNDP were barely adequate for its present activities - one representative pointing out that increasing claims on them could be expected in the near future as Special Fund projects increased in size, quantity and scope - it would be unwise for the present moment to venture into capital investment proper. Other members were of the opinion that

17/ 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.

the use of a small proportion of the total resources of UNDP for purposes of capital investment would not adversely affect its pre-investment operations and that the broadening of the terms of reference of UNDP would add to its flexibility while responding to the constant calls by developing countries for the transformation of the Fund. The Council, the most operational body in the United Nations, should, according to one member, implement General Assembly resolutions in that respect.

231. A number of representatives expressed the view that the transformation of UNDP would duplicate the work of other multilateral financing institutions to which their Governments were making important contributions (such as the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank and the African and Asian Development Banks) and that these institutions were increasingly adjusting to the needs of the developing countries. Other representatives stated that these institutions were not geared to the solution of the real problems of the developing countries. Some disagreed that the extension of the work of UNDP into investment would necessarily duplicate - rather it could usefully supplement and possibly help to modify - the work of existing institutions. A few representatives thought that multilateral lending institutions should liberalize their criteria for aid, some contending that UNDP should take a lead in persuading them to do so. Some, too, called for closer links between UNDP and these institutions.

232. One representative regretted the continued failure of the United Nations over fifteen years to set up a capital investment fund. In his opinion, developing countries were subjugated by private monopoly capital from abroad, which constantly sought outlets for its industries; the establishment of the Special Fund had been designed to paralyse efforts to set up a special United Nations fund for economic development, and the Special Fund's links with private capital were aimed at facilitating the exploitation of the developing countries by monopoly capital. Meanwhile, the cash reserves of the Special Fund were not always being used for purposes of economic development. In some cases they had been held on deposit in selected banks, or they were inappropriately employed to finance such operations as those in the Democratic Republic of the Congo.

233. At the close of the debate several representatives expressed their disappointment that little progress had been made on the subject, while some regretted the absence in the debate of suggestions as to ways and means of transforming the Special Fund.

234. One member proposed that the subject should be discussed again by the UNDP Governing Council, and it was agreed to retain the item on the agenda of the third regular session of the Council. Another member suggested that the Administrator be asked to submit a paper on possibilities for financing and administering a United Nations capital investment fund. The President suggested that consideration of that proposal be deferred until the Council's next session and reminded the Council that it had to consider, but not necessarily to determine, ways and means of implementing the recommendation in annex A.IV.8 of the Final Act of the United Nations Conference on Trade and Development.

Decision of the Council

235. The Council:

- (a) Took note of the note by the Administrator (DP/L.19);
- (b) Took note of the different views expressed by the members of the Council who took part in the discussion;
- (c) Agreed to re-examine this question at its next regular session in the light of a report to be prepared by the Administrator.

CHAPTER X

DATE AND PROVISIONAL AGENDA OF THE THIRD REGULAR SESSION

236. The Governing Council decided to hold its third regular session at United Nations Headquarters from 10 to 27 January 1967.

237. At its 37th meeting the Council, in accordance with rule 8 of the rules of procedure and under item 12 of its agenda, considered the draft provisional agenda for the third session. The Council agreed that, in the light of the observations made at the 32nd, 33rd and 37th meetings in the course of the discussion of items 7 (b) and 12, the Administrator would issue a revised draft provisional agenda.

238. The draft provisional agenda that was before the Council for consideration read as follows:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Exchange of views between the Council and the Administrator in private meetings on questions arising in connexion with the United Nations Development Programme, including programme recommendations.
5. Consideration of UNDP activities and programme recommendations:
 - (a) Statement by the Administrator;
 - (b) Technical Assistance programme changes and contingency authorizations: Report for the period 1 April to 30 September 1966;
 - (c) Programme recommendations of the Administrator: UNDP (Special Fund);
 - (d) Report on the use of the Special Industrial Services Trust Fund.
6. Policy matters:
 - (a) Implementation of General Assembly resolution 2029 (XX) on the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme:

- (i) Proposals for preparation of the Technical Assistance programme after the 1967-1968 biennial, including a study on project budgeting for the Technical Assistance component of UNDP;
 - (ii) Harmonization of procedures and structure;
 - (b) The question of government counterpart contributions;
 - (c) The question of recruitment;
 - (d) 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.
7. Administrative and financial matters:
- (a) Contributions;
 - (b) Administrative budget estimates for 1967 (together with comments of the Advisory Committee on Administrative and Budgetary Questions);
 - (c) Financial policy and revision of financial regulations;
 - (d) Audit reports.
8. Consideration of the United Nations programmes of technical co-operation:
- (a) Statement by the Commissioner, followed by an informal exchange of views on the items listed below;
 - (b) Actions taken by the Economic and Social Council and the General Assembly affecting the United Nations programmes of technical co-operation;
 - (c) Questions concerning the United Nations regular programme of technical co-operation;
 - (d) Role of the United Nations as executing agency of the UNDP (Special Fund) programme.
9. Ways and means of improving the organization and methods of work of UNDP, including the desirability of establishing a programme committee.
10. Consideration of ways and means of 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)).
11. Actions taken by organs of the United Nations and related agencies in 1966 on matters relating to UNDP.

12. Provisional agenda for the fourth regular session of the Governing Council (rule 8 of the rules of procedure).
13. Date of the next session.
14. Other matters.
15. Draft report of the Governing Council to the forty-third session of the Economic and Social Council.

239. The Council further decided to hold an ad hoc meeting in late November 1966 with a view to permitting approval of the UNDP (Technical Assistance) programme to be recommended by the Administrator for 1967-1968 in time for its implementation effective 1 January 1967. The agenda for this ad hoc meeting will be:

"Consideration of the programme recommendations of the Administrator:
biennial UNDP (Technical Assistance) programme for 1967-1968."

CHAPTER XI

OTHER MATTERS

240. In view of the Governing Council's decision to hold its next regular session in the month of January 1967, the Council authorized the Administrator to maintain during the first part of January 1967 a rate of expenditure in respect of the administrative budget of UNDP at a level not to exceed that approved for 1966, pending approval by the Governing Council, at its next regular session, of the administrative budget for 1967.

ANNEXES

ANNEX I

List of delegations

MEMBERS OF THE GOVERNING COUNCIL

Algeria

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

Australia

Mr. J.C. Ingram*

Belgium

Mr. A.A.G. van Bilsen,* Mr. J. Woulbroun,**
Mr. R. Pieters***

Brazil

H.E. Mr. Francisco d'Alamo Louzada,*
Miss Marina de Earrcs e Vasconcellos**

Bulgaria

Mr. Anani Panov,* Mr. Christo Popov**

Burma

U Ba Maung*

Canada

Mr. J.R. Barker,* Mr. Roy W. MacLaren,**
Mr. N.R. Cumming***

Ceylon

Mr. D.R. Siriwardene*

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

Congo (Democratic Republic of)

H.E. Mr. Theodore Idzumbuir,* Mr. Bernard Louya,**
Mr. Paul Louis Mboyo**

Denmark

Mrs. Kirsten Wiinblad,* Mr. Torben Dithmer**

Federal Republic of Germany

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

France

Mr. Maurice Viaud,* Mr. André Lewin,*** Mr. Daniel George,***
Mrs. Marie-Hélène Cheret-Luys,*** Mr. Jean Hesse***

Iraq

Mr. Fakhri Al-Qaisi,* Mr. Burhan M. Nouri**

Italy

Mr. Mario Franzi (President), Mr. Alberto Paveri Fontana,*
Mr. Giancarlo Corradini,** Mr. Pier Luigi Conti**

Jamaica

Mr. S. St.A. Clarke (Second Vice-President),* Mr. F.G. Holder**

Japan

H.E. Mr. Isao Abe,* Mr. Kunio Muraoka***

Jordan

Mr. Moraiwid M. Tell (First Vice-President),* Mr. Shaher Bak**

Kenya

Dr. David Wasawo,* Mr. Harris M. Mule,**
Mr. O.A. Fakihi El Kindy**

Liberia

Mr. James Milton Weeks,* Mr. Martinus L. Johnson**

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

Malaysia

Mr. P.S. Lai*

Nepal

Mr. Bekh Bahadur Thapa,* Mr. Prabal S. Rana**

Netherlands

Mr. J.H. Lubbers,* Mr. A. van der Goot,** Mr. J. Meijer,*** a/
Mr. J. Kaufmann,*** a/ Mr. A.A.J. Warmenhoven,*** a/ Mr. F. van Dam*** a/

Norway

Mr. Torbjørn Christiansen,* Mr. R.K. Andresen***

Paraguay

Peru

Mr. Andrés Aramburu*

Poland

Mr. Włodzimierz Natorf (Third Vice-President),* Mr. Witold Zaremba,**
Mr. Wojciech Jasinski,** Mrs. Irena Hanzel**

Rwanda

H.E. Mr. Canisius Mudenge,* Mr. Joseph Nsengiyumva**

Senegal

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

Sweden

Mr. Richard Sterner,* Mr. Ernst Michanek,* Miss Ethel Ringborg,**
Mr. Sixten Heppling,** Mr. Goran Engblom,** Mr. Lars Wettergren***

Switzerland

H.E. Mr. August Lindt,* Miss Francesca Pometta**

Tunisia

Mr. Mohamed El Memmi (Rapporteur),* Mr. Mohamed Gherib**

* Representative.

** Alternate Representative.

*** Adviser.

a/ Attended from 13 to 16 June 1966.

b/ Present only for the inaugural meeting, on 10 June.

Turkey

Mr. Necdet Tezel,* Mr. Aksit Kayalar**

Union of Soviet Socialist Republics

H.E. Mr. G.P. Arkadyev,* Mr. M.M. Tarasov,** Mr. A.P. Kovalev,**
Mr. M.A. Shumaev,** Mrs. L.M. Golubeva***

United Kingdom of Great Britain and Northern Ireland

Sir Keith Unwin, K.B.E., C.M.G.,* Mr. A.A.W. Landymore,**
Miss Lucy M. Deas***

United States of America

H.E. Mr. James Roosevelt,* Mr. Clarence I. Blau,**
Miss Marjorie S. Belcher,*** Mr. John A. Birch,***
Mr. John C. Griffith,*** Mr. Arne C. Wiprud,***
Mr. Robert W. Kitchen, Jr.***

Venezuela

H.E. Dr. Manuel Rafael Rivero,* Mr. Carlos Roncajolo**

Yugoslavia

H.E. Mr. Miloš Lalović,* Mr. Božidar Radović,**
Mr. Branko Radivojević**

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

OBSERVERS FROM MEMBER STATES

Argentina

Mr. Rodolfo J. Turazzini

Austria

Mrs. Erna Sailer

Central African Republic

Mr. Auram Goldstein-Goren

China

Mr. Wan Keng-nien

Czechoslovakia

Mr. Milan Klíma

Finland

Mr. Jaakko Iloniemi

Haiti

Mr. Henry Mesidor

Israel

Miss Hava Hareli

Romania

Mr. Nicolae Ecobesco, Mr. Vasile Nicolae

Spain

Mr. Enrique Pérez Hernández, Mr. Rafael Heredia Scasso,
Mr. Pedro Leon y Francia

SPECIALIZED AGENCIES

International Labour Organisation

Mr. A.A. Shaheed

Food and Agriculture Organization of the United Nations

Mr. J.P. Huyser, Mr. J.L. Orr

United Nations Educational, Scientific and Cultural Organization

Mr. A. de la Guardia, Mr. Al Noor Kassum

International Civil Aviation Organization

Mr. H. Costa

World Health Organization

Dr. M.R. Sacks, Dr. A. Bellerive, Miss B. Newton

International Bank for Reconstruction and Development

Mr. Federico Consolo

World Meteorological Organization

Mr. K. Parthasarathy

* * *

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. Stuart Rison

* * *

UNITED NATIONS ORGANIZATION FOR INDUSTRIAL DEVELOPMENT

Mr. I.H. Abdel-Rahman

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Mr. Robert Muller

SECRETARIAT

United Nations Development Programme

Mr. Paul G. Hoffman, Administrator;
Mr. David Owen, Co-Administrator;
Mr. Myer Cohen, Assistant Administrator and Director,
Bureau of Operations and Programming;
Mr. Rajendra Coomaraswamy, Assistant Administrator and
Director, Bureau of 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, 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;
Mr. Arthur Goldschmidt, Director, Office of Special Fund Operations,
Department of Economic and Social Affairs

ANNEX II

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

<u>DP/SF/R.2</u> <u>Add.</u>	<u>Country</u>	<u>Project title</u>	Governing Council ear- marking <u>a/</u> \$US	Estimate of counterpart contribution by Government <u>a/</u> \$US	Estimate of total cost of project \$US
1	Algeria	National Institute of Productivity and Industrial Development, Algiers	1,761,500	3,674,000	5,435,500
2	Argentina	Investigation of porphyry copper type mineralization in the Provinces of Mendoza and Neuquen	1,158,400	956,000	2,114,400
3	Australia	Secondary Teacher Training College, Goroka, New Guinea	1,439,000	2,638,000	4,077,000
4	Bolivia	Integrated transport survey	835,200	265,000	1,100,200
5	Bulgaria	Management Training Centre for Engineers and Economists, Sofia	1,556,500	3,000,000	4,556,500
6	Burundi	Royal School of Administration, Bujumbura	740,400	1,104,000	1,844,400
7	Cambodia	Strengthening of the Directorate of Electric Power	836,900	393,000	1,229,900
8	Ceylon	Institute of Surveying and Mapping, Diyatalawa	616,800	554,000	1,170,800
9	Chile	Assistance in Strengthening the National Forestry Service	1,986,000	3,800,000	5,786,000

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.2</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>\$US</u>	<u>Estimate</u> <u>of total</u> <u>cost of</u> <u>project</u> <u>\$US</u>
10	Chile	Detailed mineral investigation of selected zones in Atacama and Coquimbo Provinces	1,161,000	610,000	1,771,000
11	Colombia	Marine fisheries development project	1,073,900	791,000	1,864,900
12	Cyprus	Surveys, demonstration and planning of water resource utilization	1,026,900	952,000	1,978,900
13	Dahomey	Pilot agricultural development in the Ouémé Valley	1,687,200	1,215,000	2,902,200
14	Ecuador	Work-oriented adult literacy pilot project	1,168,400	1,741,000	2,909,400
15	El Salvador	Agricultural diversification of marginal coffee-growing areas	844,900	354,000	1,198,900
16	Ghana	Preparation of a master plan for water supply and sewerage for the Accra-Tema metropolitan area (phase II)	1,531,100	607,000	2,138,100
17	Guinea	National Centre for Management Development and Training, Conakry	1,397,800	1,127,000	2,524,800
18	Guinea	Road transport improvement	503,000	80,000	583,000
19	India	Land and water use and management in the Chambal-irrigated area, Rajasthan	1,366,200	1,200,000	2,566,200
20	Iran	Development of the Caspian forests	1,915,500	2,082,000	3,997,500

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<u>DP/SF/R.2</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
21	Iraq	Management Development and Supervisor Training Centre, Baghdad (phase II)	471,900	543,000	1,014,900
22	Israel	Electrodialysis pilot plant, Mashabei Sade	730,900	1,244,000	1,974,900
23	Ivory Coast	Survey and development of pelagic fish resources	1,402,100	1,038,000	2,440,100
24	Jamaica	Productivity Centre, Kingston	954,200	1,225,000	2,179,200
25	Jordan	Establishment of a mineral exploration unit	539,700	364,000	903,700
26	Liberia <u>b/</u>	Assistance to the National Planning Agency, Monrovia (phase II)	677,800	246,000	923,800
27	Malta	Wastes disposal and water supply	809,900	579,000	1,388,900
28	Mexico	Centre for training graduate engineers and professors of engineering, science and technology, Mexico City	1,921,800	16,467,000	18,388,800
29	Mongolia	Polytechnic Institute, Ulan Bator	1,855,300	11,800,000	13,655,300
30	Morocco	Selected feasibility studies in the Sebou Basin and the Western Rif Region	793,700	1,000,000	1,793,700
31	Niger	Surveys for the agricultural development of the Dallol Maouri	1,168,300	262,000	1,430,300
32	Nigeria	Road development survey in Northern Nigeria	622,200	300,000	922,200

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 \$431,700 for this project was originally approved by the Special Fund's Governing Council at its twelfth session, in June 1964. See document SF/R.9/Add.22.

<u>DP/SF/R.2</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^{a/}</u> \$US	<u>Estimate</u> <u>of total</u> <u>cost of</u> <u>project</u> \$US
33	Pakistan <u>c/</u>	Supplementary assistance to the soil survey in East and West Pakistan	933,300	1,500,000	2,430,300
34	Panama	National Service for Crafts and Small Industries (SENAPI), Chitre	933,800	782,000	1,715,800
35	Paraguay	Forest and forest industries development	1,037,300	422,000	1,459,300
36	Philippines	Feasibility survey for the hydraulic control of the Laguna de Bay complex and related developmental activities	753,400	302,000	1,055,400
37	Philippines	Master plan for a sewerage system for the Manila metropolitan area	714,000	398,000	1,112,000
38	Republic of Korea	Extension Services Department in the Medium Industry Bank, Seoul	765,900	517,000	1,282,900
39	Rwanda	National Pedagogical Institute, Butare	1,897,100	2,546,000	4,443,100
40	Saudi Arabia	Irrigation development in the Wadi Jizan	997,800	1,260,000	2,257,800
41	Senegal	Establishment of a master plan for water supply and sewerage for Dakar and surrounding areas	2,170,300	1,005,000	3,175,300
42	Senegal	Mineral resources survey (phase II)	477,200	313,000	790,200

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.

c/ An allocation of \$700,500 for this project was originally approved by the Special Fund's Governing Council at its third session, in December 1959. See document SF/L.26/Add.20.

<u>DP/SF/R.2</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> ^{a/} \$US	<u>Estimate</u> <u>of total</u> <u>cost of</u> <u>project</u> \$US
43	Somalia	Training school for animal health assistants	1,021,000	585,000	1,606,000
44	Somalia	Water control and management of the Shebelli River	573,700	80,000	653,700
45	Spain	Higher Mining Engineering School, Oviedo	1,307,900	2,646,000	3,953,900
46	Sudan	National vocational training scheme	1,015,800	873,000	1,888,800
47	Tunisia	National Centre for Industrial Studies, Tunis	771,700	1,025,000	1,796,700
48	Turkey	Forestry and forest industries development	1,577,000	1,538,000	3,115,000
49	United Arab Republic	Electric Power Training Institute, Cairo	767,900	1,335,000	2,102,900
50	Guyana	Mineral Survey (phase II)	1,036,200	1,077,000	2,113,200
51	United Republic of Tanzania	Work-oriented adult literacy pilot project	1,181,900	5,216,000	6,397,900
52	Upper Volta	Feasibility surveys for mineral development in the north-east and associated transport factors	455,500	77,000	532,500
53	Venezuela	Fishery research and development project	1,340,400	4,145,000	5,485,400
54	Yugoslavia	Regulation and management of the Sava River	1,061,800	510,000	1,571,800

^{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.2 Add.	Country	Project title	Governing Council ear- marking <u>a/</u> \$US	Estimate of counterpart contribution by Government <u>a/</u> \$US	Estimate of total cost of project \$US
55	Zambia	Training of secondary school teachers at the University of Zambia, Lusaka	1,156,600	5,200,000	6,356,600
56	Regional (Kenya, Uganda and the United Republic of Tanzania)	East African School of Aviation, Nairobi	984,500	1,863,000	2,847,500
57	Regional (Guyana, Jamaica, Trinidad and Tobago, and the United Kingdom on behalf of its Caribbean depen- dencies <u>d/</u>)	Improvement of Caribbean meteorolo- gical services	1,622,000	818,000	2,440,000
			<u>63,105,400</u>	<u>98,244,000</u>	<u>161,349,400</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.

d/ Antigua, Barbados, British Virgin Islands, Cayman Islands, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent.

ANNEX III

Draft resolution for action by the Economic and Social Council

United Nations regular programme of technical assistance

The Economic and Social Council,

Having considered the report of the Governing Council of the United Nations Development Programme on its second session, including those parts of the report dealing with the United Nations programmes of technical co-operation (E/4219, chap. VIII),

Noting that the Governing Council has approved the 1967 regular programme contained in the Secretary-General's report (DP/RP/1/Add.2); recommended \$6.4 million as the desirable level for part V of the United Nations budget for 1967; authorized the Secretary-General to utilize a provisional figure of \$6.4 million as the target level for planning the United Nations regular programme for 1968, and further proposed that \$6.4 million be the provisional estimate for technical programmes in the Secretary-General's initial budget estimates for 1968,

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

2. Expresses its satisfaction that the Secretary-General will take suitable action to implement the requests and suggestions of the Governing Council set out in paragraph 225 of its report (E/4219);

3. Recommends to the General Assembly that it take the budgetary action necessary for 1967.

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