



UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL TWENTY-THIRD SESSION

(18 January - 4 February 1977)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: SIXTY-THIRD SESSION

SUPPLEMENT No. 3

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NOTE

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

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INTRODUCTION

1. The Governing Council of the United Nations Development Programme (UNDP) held its twenty-third session at United Nations Headquarters, New York, from 18 January to 4 February 1977.
2. The Budgetary and Finance Committee held 12 meetings between 17 January and 3 February 1977, also at United Nations Headquarters, to consider administrative, budgetary and financial matters. The Committee on Technical Co-operation among Developing Countries held four meetings at United Nations Headquarters between 28 January and 3 February.
3. The present report was adopted by the Governing Council at its 566th meeting, on 4 February 1977, for submission to the Economic and Social Council at its sixty-third session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

Tribute to the Assistant Administrator and Regional Director,
Regional Bureau for Asia and the Pacific, the Deputy
Executive Director of the United Nations Fund for Population
Activities (UNFPA) and the Deputy Secretary of the Governing
Council and the Inter-Agency Consultative Board (IACB)

4. At the 564th meeting, on 3 February 1977, the Administrator, the President and members of the Governing Council, and a representative of a specialized agency paid a tribute to Mr. Rajendra Coomaraswamy, Assistant Administrator and Regional Director of the Regional Bureau for Asia and the Pacific, on the occasion of his retirement from UNDP. At the same meeting tributes were also paid to Mr. C. Hart Schaaf, Deputy Executive Director for Operations of UNFPA and at the 566th meeting, to Miss Jacqueline Yarrow, Deputy Secretary of the Governing Council and IACB, on their retirement from UNFPA and UNDP.

I. ORGANIZATION OF THE SESSION

Attendance

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

Election of officers

6. In accordance with rule 11 of its rules of procedure, the Governing Council, at the opening meeting of its twenty-third session, elected the following officers by acclamation: Mr. Johan Kaufmann (Netherlands), President; Mr. Sarfak Khan Malik (Pakistan), First Vice-President; Mr. Raul Desmaras Luzuriaga (Argentina), Second Vice-President; Mr. Evlogy Bonev (Bulgaria), Third Vice-President; and Mr. P. J. Kuyembeh (Sierra Leone), Rapporteur.

7. At the opening meeting of the Budgetary and Finance Committee, on 17 January 1977, following consultations with members of the Council, Mr. Malik (Pakistan) was designated Chairman of that Committee by Mr. Ricardo Alarcón Quesada (Cuba), President of the Governing Council for 1976. Mr. Henrik Amneus (Sweden) was elected Rapporteur of the Committee by acclamation.

8. Following the election of officers of the Governing Council for 1977, and after consultation with members of the Council, Mr. Kaufmann, President of the Council, designated Mr. Desmaras Luzuriaga (Argentina), Second Vice-President, as the Chairman of the Committee on Technical Co-operation among Developing Countries. Mr. Krisda Piampongsant (Thailand) was elected Rapporteur of the Committee by acclamation.

Agenda

9. At its 544th meeting, on 18 January 1977, the Governing Council adopted the following agenda for its twenty-third session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda (DP/210, DP/211, DP/212, DP/213)
4. Financial situation and related matters (DP/214, DP/238)

5. Country and intercountry programming and projects: (DP/GC/BDI/R.2, DP/GC/BDI/R.2/RECOMMENDATION, DP/GC/LES/R.2, DP/GC/LES/R.2/RECOMMENDATION, DP/GC/MAG/R.2, DP/GC/MAG/R.2/RECOMMENDATION and Corr.1, DP/GC/PHI/R.2, DP/GC/PHI/R.2/RECOMMENDATION, DP/GC/PDY/R.2, DP/GC/PDY/R.2/RECOMMENDATION, DP/GC/LIB/R.2, DP/GC/LIB/R.2/RECOMMENDATION, DP/GC/ROM/R.2, DP/GC/ROM/R.2/RECOMMENDATION, DP/GC/CHI/R.2, DP/GC/CHI/R.2/RECOMMENDATION, DP/GC/COL/R.2, DP/GC/COL/R.2/RECOMMENDATION, DP/GC/DOM/R.2, DP/GC/DOM/R.2/RECOMMENDATION, DP/GC/GUY/R.2, DP/GC/GUY/R.2/RECOMMENDATION, DP/GC/HAI/R.2 and Corr.1, DP/GC/HAI/R.2/RECOMMENDATION, DP/GC/HON/R.2, DP/GC/HON/R.2/RECOMMENDATION, DP/GC/JAM/R.2 and Corr.1, DP/GC/JAM/R.2/RECOMMENDATION, DP/GC/PER/R.2, DP/GC/PER/R.2/RECOMMENDATION, DP/215, DP/216, DP/217 and Corr.1, DP/218, DP/219, DP/225 and Corr.2, DP/231, DP/242, DP/244, DP/PROJECTS/R.7 and Add.1)
6. Arrangements for the evaluation of the UNDP field programme including co-ordination, harmonization and supervision of the use of junior professional officers and associate experts in the UNDP programme (DP/224, DP/227 and Add.1)
7. Administrator's report on the implementation of new dimensions in technical co-operation (DP/220)
8. Report of the Administrator on government execution of projects (DP/221 and Add.1)
9. Budgetary, administrative and financial matters
 - (a) Budget estimates for the year 1977 (DP/233 and Corr.1 and Add.1, DP/240)
 - (b) General outline of budget estimates for 1978 (DP/239)
 - (c) Recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/223)
 - (d) Global procurement (DP/234)
 - (e) Custodianship of UNDP funds (DP/236 and Add.1)
 - (f) Audit reports (DP/230 and Add.1 and Add.1/Corr.1)
 - (g) Other matters
10. Technical co-operation among developing countries (DP/229 (Vol. I), DP/229 (Vol. II) and (Vol. II)/Corr.1, DP/222, DP/222/Add.1 and Add.1/Corr.1, DP/222/Add.2 and Add.2/Corr.1, DP/222/Add.3, DP/222/Add.4, DP/222/Add.5, DP/222/Add.6, DP/243)
11. United Nations Fund for Population Activities
 - (a) Organizational structure and related post requirements (DP/235 and Add.1)

- (b) Application of criteria for establishing priorities (DP/232)
 - (c) Country agreements and project recommendations
(DP/FPA/6 and Add.1-6)
 - (d) Implementation of projects in 1975 (DP/228)
 - (e) Budget transfers (DP/241)
 - (f) Audit report (DP/226 and Corr.1 and Add.1)
- 12. Action taken in 1976 by organs of the United Nations and related agencies (DP/237 and Add.1 and 2)
 - 13. Other matters
 - 14. Date and provisional agenda of the twenty-fourth session of the Governing Council
 - 15. Draft report of the Governing Council to the Economic and Social Council at its sixty-third session

Summary records of meetings

- 10. The summary records of the meetings of the twenty-third session of the Governing Council were issued as documents DP/SR.544-558 and Add.1, 559 and 560 and Add.1 and 561-566 and Corrigendum.

Private meetings

- 11. The Council held two private meetings to consider the 15 country and intercountry programmes and projects recommended to it for approval by the Administrator under agenda item 5.

II. FINANCIAL SITUATION AND RELATED MATTERS

12. Under agenda item 4, the Council had before it:

(a) A progress report of the Administrator on the financial situation of UNDP as at 30 September 1976 (DP/214);

(b) A report on the financial situation and related matters (DP/238);

(c) Supplementary information on outstanding voluntary contributions, assessed programme costs, Government cash counterpart contributions and cost sharing contributions as at 31 December 1976.

The item had been the subject of preliminary consideration by the Budgetary and Finance Committee (see paras. 178-208 below).

13. In a statement to the Council at its opening meeting, the Administrator acknowledged that questions not only of finance but of organization and management as well had been of primary concern during 1976. Though these matters continued to preoccupy the UNDP Administration, he felt that the time had come for both the Council and the Administration to turn their attention to other, more conceptual issues on which the nature of future operations of the Programme depended.

14. After summarizing the financial and administrative developments which had taken place during 1976, a detailed account of which had already been presented to the Budgetary and Finance Committee (see paras. 179-183 below), the Administrator invited the Council to consider and to offer its guidance on the fundamental question of what should be the future role of UNDP within the framework of international technical co-operation. Specifically, he put to the Council two alternatives in this regard: either UNDP could accept the present situation and continue to function with a relatively smaller financial role and, consequently, a less influential position in development activities of the United Nations system; or Governments could restore to the Programme its intended position as the primary source for financing the system's development co-operation activities by channelling all their multilateral contributions through UNDP.

15. In connexion with the first alternative, the Administrator acknowledged that the Programme's diminished financial role could be offset if other aspects of UNDP services to Governments and organizations in the United Nations system were strengthened. He pointed out, however, that that would require a significant co-ordinating role for the Programme at the country level, through its network of field offices, for all technical co-operation funds channelled through the United Nations system. It would also require the development of a similar policy co-ordinating role at the headquarters level by means of a mutually agreed arrangement with the Programme's agency partners. Regarding the second alternative, the Administrator expressed the view that restoring to UNDP its status as the financial source for technical co-operation activities of the United Nations system would automatically encourage the strengthening of the co-ordinating function of the Programme and thus help to ensure the optimum use of scarce resources.

16. Referring to UNDP's cohesive influence in having helped to effect such innovations in development co-operation as, among others, intersectoral co-ordination, the encouragement of an integrated approach as opposed to isolated actions, and the recognition of the right of developing countries to determine their own needs for assistance in relation to their national development plans, the Administrator suggested that the second alternative would prove to be the more efficacious. He emphasized, however, that its being put into effect would depend on the will and support of Governments in providing adequate additional resources on a sustained basis.

17. The Administrator went on to outline what would be required of the Programme to demonstrate leadership in the field of technical co-operation even if Governments were to provide UNDP with the necessary financial strength. Emphasizing the essentially operational nature of the functions of the Programme, he expressed the view that UNDP could be instrumental in both creating and strengthening the linkages between theory and practical action. The interrelationships which would have to be developed among Governments, UNDP headquarters and field staffs, and the headquarters and field personnel of the agencies to enable the United Nations system to provide a more prompt and coherent response to development needs were detailed. The Administrator stated that an encouraging start in that direction at the country level might be for the UNDP country programming process to be used as the framework for co-ordinated planning of as many inputs of the United Nations system as possible, including special purpose funds and multilateral resources. He underscored, too, the view that Council members, and the respective Governments they represented, now had a unique opportunity to give effect to the imperative inherent in the 1970 Consensus ^{1/} by ensuring, through co-ordinated action in all relevant governing bodies, that UNDP be the recognized centrepiece and acknowledged authority on technical co-operation.

18. Expressing his awareness of the difficulties of effecting the reorientation he envisaged, particularly in view of the limited financial and staff resources currently available, the Administrator identified four essential prerequisites: further decentralization and delegation of authority to the field; the development of a viable arrangement for agency representation at UNDP headquarters, which permit regular agency inputs to the analysis of substantive issues; a stringent setting of priorities for work to be performed at headquarters; and a considerable reduction in the amount of documentation prepared for the Council.

19. In connexion with the first of those prerequisites, the Administrator proposed an increase of the resident representatives' delegated authority for project approval from \$150,000 to \$400,000. Regarding the priority of work to be performed at headquarters, the Council was informed that the introduction of management plans for 1977 for all units of UNDP headquarters would ensure that staff resources would not be dissipated on unnecessary matters and that the forward planning of co-operation with the agencies would be facilitated. As to the flood of paper being produced on a year-round basis, the Administrator suggested that perhaps the Council might wish to consider holding only one formal, carefully planned session each year, supplemented by a number of periodic meetings of a more informal character. A special committee of the Council could be appointed to consider the question, or alternatively, the secretariat could prepare a detailed report for consideration by the Council in June.

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

20. With respect to the over-all question of relationships with other agencies in the United Nations system, the Administrator reviewed in detail the developments which had taken place since the Council took the decision at its twenty-second session on the coherence of the United Nations development system. 2/ Referring to his own personal consultations as well as those of his senior colleagues with agency representatives, the Administrator said that the basis was laid for a productive meeting of IACB in October 1976 where the suggestion was put forth that a team of officials from the larger agencies - supplemented on occasion by ad hoc task forces on which other agencies would also be represented - should be stationed at UNDP headquarters at the expense of the agencies concerned. That would permit the discussion of major policy issues at an early stage and ensure agency participation in the Programme's substantive functions as well. The Administrator asked the Council for its views on the proposed arrangements.

21. The Administrator also informed the Council of the agreement reached with the Food and Agriculture Organization of the United Nations (FAO) on the respective responsibilities of UNDP resident representatives and FAO representatives now being appointed in a number of developing countries. Mutually agreed upon guidelines had been developed and distributed to the representatives concerned. Regarding Senior Industrial Development Field Advisers, the Council was informed that useful discussions had taken place with the Executive Director of the United Nations Industrial Development Organization (UNIDO) and that, on his initiative, an innovative arrangement had been entered into whereby consultancies and other short-term missions could be handled by qualified permanent members of UNIDO's secretariat at a cost to the respective indicative planning figures (IPFs) of only the travel and per diem involved. The Administrator expressed the hope that other agencies would decide to institute a similar arrangement.

22. The Administrator then offered his views on how the United Nations development system should move forward in the provision of technical assistance in two broad areas. First, with respect to strengthening the position of developing countries in international economic affairs and in the creation of a new structure for international economic co-operation and development, UNDP-supported technical co-operation activities should continue to include: assistance in carrying out studies designed to clarify policy alternatives; assistance in preparing negotiating positions of developing countries in such areas as trade and foreign investment; support for programmes of technical co-operation among developing countries (TCDC); assistance in exploiting, developing and marketing natural resources, including support for efforts to promote the processing of raw materials in developing countries; and support for programmes designed to strengthen the capacity of developing countries to select and adapt technologies appropriate to their needs.

23. The second area of concern for the operational activities of the United Nations development system related to the nature of the development process itself. Referring to the perception that the poorest sections of developing country populations had not benefited sufficiently from the economic advances that had been made, the Administrator listed remedial actions taken by various elements of the United Nations system, among which were the Governing Council's decision on new

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

dimensions, the basic needs approach enunciated by the Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour, the World Health Organization (WHO) concept of primary health care, the United Nations Children's Fund (UNICEF) concept of basic services, and the poverty-oriented approach to integrated rural development as defined by the Administrative Committee on Co-ordination (ACC) and supported by the Economic and Social Council in its decision 175 (LXI). The Administrator stressed that, though UNDP could not impose a particular policy content for country programmes, the Programme nonetheless had a special role to help interpret the broad perceptions and emphases enunciated by the United Nations system and to co-ordinate the response of the system at the field level through its system of field offices.

24. According to the Administrator, UNDP could discharge that responsibility by: articulating those concepts into a common view and thus helping to ensure a harmonious approach, co-ordinating the dialogue between the system and Governments on the level of practical programme planning having the country programme itself serve as an instrument for financing technical co-operation activities designed to fit into a Government's own poverty-oriented development programmes, vigorously supporting the implementation of TCDC activities and strengthening co-ordination with such voluntary funding organizations as UNFPA, UNICEF and the World Food Programme (WFP) which should enhance the over-all effectiveness of programme planning undertaken by the system. Aware that there might well be reservations concerning the system's effectiveness in attacking mass poverty, the Administrator nevertheless considered that as a good example of areas where conceptual consistency on the part of the United Nations system was essential and where UNDP could play an important role in harmonizing various approaches.

25. The Administrator concluded his statement by summing up what the Programme needed from the Governments represented in the Council: first, the necessary financial support to enable UNDP to fulfil its role as funder of the technical co-operation activities of the United Nations system; second, affirmation that United Nations system field programmes be synchronized with UNDP country programmes; third, agreement on reducing documentation on routine matters in order to concentrate on major issues of substance; fourth, willingness to adopt programmes and procedures in order to deliver effective assistance to those most in need; fifth, clear and workable policy directives; sixth, consistent policies at all levels and in all forms; and, seventh, continued confidence in its effectiveness.

26. The Chairman of the Budgetary and Finance Committee reported orally to the Council on the discussions which had taken place in the Committee. The Committee had commended the efforts of the Administrator in resolving the short-term problems of UNDP, but recognized that the long-term resource problem remained. Most members were satisfied with the practical arrangements made during 1976 to avoid drastic curtailment in the level of the Programme. There was concern, however, over the lower field programme costs projected for 1977 - an anticipated \$347.3 million as compared with \$370 million in 1976. That represented a significant reduction in monetary terms. There had also been some disappointment that definitive expenditure figures for 1976 were not available. In the Committee, the increase in accumulating non-convertible currencies during 1976 had been noted with concern. It was suggested that the measures outlined in the Administrator's opening statement to the Committee would not remedy the situation and that a progress report was called for. Several members put forward suggestions for consideration, while some felt the matter was overdramatized. One member had requested additional information on the

operation of UNDP bank accounts in Moscow. Regarding assistance to Governments which relinquished their IPFs, the Chairman indicated that several members of the Committee supported the Administrator's proposal and others sought additional information regarding the general policies and guidelines which were to be prepared. The Chairman stated that several members had asked for additional information on the improvements made in the UNDP organizational structure, systems and controls. A majority had supported the Administrator's proposal to introduce a new integrated financial system which would enhance financial controls. Some members expressed concern over the increase in administrative costs, including agency overhead costs, and urged the Administrator, in co-operation with the Participating and Executing Agencies, to make every effort to reduce those costs. In closing, the Chairman of the Committee indicated that many members of the Committee had indicated that they preferred to make comprehensive statements relative to the financial situation and related matters in plenary meeting.

Summary of discussion

27. Members of the Council were virtually unanimous in their expressions of appreciation for the Administrator's comprehensive and thought-provoking statement. Many members agreed that though the financial and resources situation was not wholly satisfactory, the current liquidity position of UNDP was reasonably reassuring and enough progress had been made towards solving the longer-term problems to permit the Council to turn its attention to such matters as a redefinition of the UNDP role in international technical co-operation and the re-establishment of the position of the Programme in the United Nations development system. They welcomed the Administrator's proposal to prepare, in consultation with the Participating and Executing Agencies, a report on the future role and orientation of UNDP for presentation to the Governing Council at its twenty-fourth session. Several members expressed serious reservations about diverting the Council's attention from financial and administrative matters at the present time, stating that those questions could not be divorced from the conceptual issues concerning the future of multilateral development co-operation which the Administrator had put forth. One member, in particular, suggested that if UNDP wished to earn the confidence and respect of recipient countries, donors and the specialized agencies alike, it must show that the necessary changes were being made to enable the Programme to manage its resources more efficiently and to implement its programmes more effectively.

28. Regarding the position of UNDP within the United Nations development system, most members expressed firm support for the Administrator's view that the Programme should be restored to its status as the central source of funds for the system's technical co-operation activities with the concomitant responsibility and authority that the role entailed. In view of the limited resources which were available for development throughout the United Nations system, members emphasized that the impact of those resources would be considerably diminished if they were spread too thinly over a number of special purpose funds or throughout the organizations of the United Nations system. In addition, the problems of co-ordination which arose when increased flows of development funds were channelled through the specialized agencies were referred to by some members as a valid reason for consolidation of contributions under the aegis of UNDP. Several members, however, stressed that resources alone would not be enough to enable the Programme to defend its position at the centre of the United Nations development

system. The legitimate aspirations of the specialized agencies would have to be satisfied and all Governments would have to be consistent in their policy statements at international conferences and in their programme expectations with respect to the agencies. If increased technical assistance were demanded under the regular budgets of the agencies, the funding level of UNDP could, perforce, be expected to suffer accordingly.

29. With respect to the future direction of Programme-supported activities, many members agreed that poverty-oriented development projects and programmes should be the main focus of UNDP efforts. Several members put particular emphasis on the integrated rural development concept, and endorsed the view put forward by the Administrator in that regard in his opening statement. They supported, too, the idea that the poorest countries and the poorest segments of populations in all developing countries should be given priority. Some members also stressed the importance of aid to national liberation movements, newly independent countries, the social aspects of development, and activities to enhance the status of women.

30. Other members, however, emphasized the prerogative of each country to determine its own development priorities and questioned the right of UNDP to arrive at value judgements, with or without the policy guidance of the Council, on the acceptability of project proposals largely by applying its own criteria. Several members, referring to the proposed emphasis on rural development, suggested that poverty in rural areas was inextricably linked to lack of industrial and urban development in many countries and, thus, could not be attacked in isolation. Another member observed that instead of consolidating its capacity for speedy and effective programme delivery, UNDP was giving thought to a whole new series of activities without having the necessary funds and without due regard for relevant decisions of other intergovernmental bodies. He urged the Administration to concentrate on programme delivery and such related matters as the implementation of new dimensions and technical co-operation among developing countries. Several other members stressed that UNDP-supported development activities should be aimed essentially at promoting the individual and collective self-reliance of developing countries; one member proposed that the Programme align itself with the trend of the times and undertake substantive reform of its policies in accordance with the direction and basic principles embodied in the decisions of the sixth special session of the General Assembly. Many members expressed their approval of the Administrator's suggestion that the question of the future direction of the Programme be discussed in depth at the next session of the Council.

31. One member specifically urged the specialized agencies to contribute substantially to the discussion of that and related questions at the next session of the Council as well as at the session of the Economic and Social Council which would follow.

32. Members expressed approval for the proposal of having agency representatives stationed at UNDP headquarters on an experimental basis for the purposes outlined by the Administrator. They welcomed improvement of co-operative relationships with the specialized agencies and stressed the essential importance of agency inputs into UNDP-supported development co-operation activities, stating that without a productively co-ordinated UNDP/agency approach in the formulation and implementation of United Nations system development efforts, the system itself would be in jeopardy of failing to meet the needs of developing countries.

33. Representatives of two specialized agencies conveyed the assurance of their organizations' support for the principle that UNDP should play a central role in the financing and co-ordination of United Nations development system activities. They also expressed appreciation for the Administrator's efforts in reconciling divergent points of view and in strengthening interorganizational bonds which had been severely tested by the financial crisis. The representative of the International Labour Organisation (ILO) made clear that though the UNDP country programme was central to most of the ILO development assistance activities, there were certain requests that could not be accommodated within that framework but which the ILO was mandated to meet. It was essential to have some flexibility both with respect to establishing priorities and with respect to the utilization of regular budget resources. Similarly, the representative of WHO pointed out that that organization, too, within the framework of its Constitution, had certain specific responsibilities in the area of technical co-operation. Activities undertaken in meeting those responsibilities should be regarded as complementary to UNDP-supported programmes. Both representatives, in addition, assured the Council that their organizations would contribute fully to the discussion of the future direction of the technical co-operation efforts of the United Nations development system at the next session of the Council, as well as at the succeeding session of the Economic and Social Council.

34. Commenting on the financial situation, members of the Council noted with gratification that over the past year the Administrator had succeeded in averting a situation of a cash deficit of \$40 million estimated for 31 December 1976 and had achieved a modest cash surplus of some \$35.5 million. Although UNDP no longer faced a short-term deficit, there was no need for complacency. One member said that the present liquidity situation of UNDP had been achieved at the expense of a reduction in Programme project costs from \$430 million in 1975 to \$370 million in 1976. Members considered \$347.3 million estimated for programme costs in 1977 inadequate, and felt that the resources outlook for the 1977 programme remained a matter of concern. One member recalled that at the Council's twenty-second session it had been decided that during the 1977-1981 cycle Programme project costs should increase at more or less the same rate as voluntary contributions, a decision which was not being carried out with respect to the year 1977, for voluntary contributions - including assessed programme costs - had risen by 14 per cent for 1976 while Programme project costs had decreased by 6.5 per cent.

35. In that connexion, most members noted that the results of the 1977 Pledging Conference were less than favourable and urged Governments to make every effort to increase their annual contributions by at least 14 per cent as proposed by the Council at previous sessions. Some members alluded to the fact that the response of recipient Governments in making sufficient voluntary contributions to compensate for the former assessed programme costs was disappointing and noted that that trend, if continued, would have a negative impact on the resources for the second IPF cycle as a whole.

36. On the other hand, some members felt that the 14 per cent proposed annual voluntary contribution was slightly optimistic and urged that a more realistic approach be developed in determining the level of resources which might be realized, to avoid drastic reductions in the Programme later in the 1977-1981 cycle. One member remarked that in view of the need for meaningful programme planning based upon the IPF system, the Council should give thought to the possibility of revising the approved IPFs on the premise that the anticipated

resources for the IPF 1977-1981 cycle might not be obtained. Another member was of the view that consideration should be given to the possibility of Governments making forward pledges or an indication thereof for several years in advance. Other members felt, however, that there were a number of difficulties inherent in such a proposal since most Governments could not make any commitment on the magnitude of their pledge for more than a given year. Several other members urged countries at the higher end of the gross national product (GNP) which had not done so to become net contributors to the Programme without delay.

37. Several members remarked that in view of the scarcity and uncertainty of the level of resources available from one year to the next, the criteria used by the Council to establish the IPFs for the second cycle might need to be reviewed. Others observed that the unpredictability of annual resources would require the Administrator to continue to establish annual expenditure ceilings, although that could hamper the five-year planning cycle foreseen by the Consensus for country programmes. In that connexion, one member suggested the possibility of moving towards the concept of a rolling IPF system whereby at the end of the first year of the cycle the sixth year would be added, thus maintaining a continuous five-year plan.

38. A majority of members supported the view that the larger portion of UNDP resources should be directed towards programmes in the least developed of the developing countries. In support of that view, one member suggested that the concept of voluntary pledges for assistance to the least developed countries should become standard practice and that more donor countries should make contributions for that purpose. He further stated that the thrust of the Programme should be shifted towards the benefit of the least developed countries during the third IPF cycle.

39. Many members commented favourably on the Administrator's proposal to increase the level of resident representatives' project approval authority to \$400,000. They welcomed the proposal as a concrete step towards rational decentralization and expressed the view that it would measurably enhance the ability of the Programme to respond to requests for assistance in a speedier and more flexible manner. Several members, however, while agreeing in principle with the proposal, cautioned that such decentralization, to be genuinely effective, would require strengthened administrative and management capabilities at headquarters.

40. Serious concern was expressed over the continued accumulation of non-convertible currencies, which were increasing over and above the anticipated level. Several members recognized the concern expressed in the Budgetary and Finance Committee. They reiterated the seriousness of the problem and urged the donor Governments involved to make their contributions in convertible currencies or at least to co-operate fully with the Administrator in his efforts to utilize those currencies. One member noted that a solution to the growing problem of non-convertible currencies was of a political nature and he felt that the Governing Council needed to act without delay to provide the Administrator with appropriate policy guidelines. Another member offered the following two suggestions for the Council's consideration:

(a) The total accumulation of non-convertible currencies should be proportionately attributed as part of each country's IPF, thus enabling each Government to substitute non-convertible currencies for any other currency as they

chose. The non-convertible currencies thus acquired could be used to meet the cost of running the respective government embassies in the countries from which the non-convertible currencies originated;

(b) Serious consideration should be given to the offer made by his Government at the twenty-second session of the Governing Council to purchase the total accumulation of those currencies.

Another member said that the most serious problem confronting UNDP was that of inflation and monetary instability and that the above-mentioned suggestions were unacceptable to his delegation inasmuch as those accumulated currencies would be acquired in order to be utilized, which showed that they were usable, and because they would be spent for purposes other than those for which they had been made available to UNDP.

41. Several members stated that the attempt to draw the Council's attention to the so-called "problem" of the utilization by UNDP of contributions made by countries in non-convertible, readily usable currency was inadmissible. They stressed that any long-term improvement in the effectiveness of UNDP activities depended on the Programme's success in utilizing for technical assistance all voluntary contributions made available to UNDP by donor countries. Those members observed that any subjective factors which impeded the use on a basis of equality of contributions made in non-convertible national currencies should be eliminated. In their view, given goodwill and a genuine effort by countries, there should be no difficulty in using contributions made available to UNDP in readily usable currencies for the purpose of providing technical assistance. In the view of a number of members, it was owing to the lack of initiative of the previous UNDP Administration that non-convertible, but readily usable, currencies had accumulated, and confidence was expressed that the present Administration would improve the situation. Those members were of the opinion that present efforts by the Administrator, with the co-operation of the Executing Agencies, would greatly improve the opportunities and arrangements for the utilization of contributions made to UNDP in non-convertible currencies.

42. One member pointed out that the contributions to UNDP made by the developing countries, including those in their national currencies, were by nature a kind of mutual assistance and co-operation among the developing countries. His country had made positive efforts for the utilization of its contribution in projects to aid the developing countries. He also pointed out that although his country made contributions to UNDP in its national currency, in the actual execution of UNDP-financed projects his country did not take in a single penny of foreign exchange from UNDP but paid a fair amount of its contributions in convertible currencies. He held that UNDP should break the complicated procedures, abolish some out-dated regulations and adopt simple and easy methods to arrange actively for the utilization of the contributions to UNDP made by his country.

43. During the discussion, the Treasurer of the United Nations informed the Council of the procedure through which funds were transferred from the UNDP bank accounts in Moscow so that they could be used in United Nations activities. One member stated that he was taken aback to learn of the specific procurement ties that a major source of non-convertible currencies had attached to their use, and was equally surprised by the silence with which that news was received by the Council.

44. Most members supported the Administrator's proposal to close off the Programme Reserve account at the end of 1976 and to reopen a new set of accounts beginning 1 January 1977. One member expressed his wish that the Administrator would find it possible to make the 1976 transfer of \$3 million from the Programme Reserve to the Special Measures Fund for the Least Developed Countries as soon as possible; he recalled that postponement of the transfer in 1976 had been made on the clear understanding that that would be done early in 1977.

45. Several members commended the Administrator on his proposal to install an integrated financial system and urged that it be done without delay to avoid a recurrence of the financial difficulties which occurred in 1975-1976. One member noted that in the absence of improved financial management and control, efficient planning and co-ordination could not be achieved, while another was of the view that there were certain conflicts of competence between a number of UNDP organizational units. In that connexion, one member requested an explanation on the interrelation between the functions of the United Nations Office of Financial Services and those of the UNDP Treasury Section and inquired what modifications in the Treasury Section would be necessary should UNDP acquire custody of its funds from the Secretary-General.

46. It was further noted that the financial data presented to the Council was outdated and that that situation was due to the lack of precise financial control. One member requested that the Administrator should prepare at each year-end a condensed, preliminary statement on the UNDP financial position for the benefit of advance information to Governments.

47. On the question of authorizing the Administrator, under UNDP Financial Regulation 3.4, to accept special-purpose contributions under the trust fund concept, as proposed in paragraph 26 of document DP/238, several members felt that although that course of action would simplify UNDP administrative procedures, it could undermine the IPF system. One member noted that while the trust fund concept might be ideal for specialized agencies, it might not be appropriate for UNDP. As a consequence, he felt that the proposal could only be approved after certain specific prerequisites were met. It was further stated that the proposal, if approved, could weaken the multilateral nature of the Programme. However, in an effort to simplify and standardize the UNDP financial system, the proposal could be considered in conjunction with the Council's discussion at its twenty-fourth session on extrabudgetary financing of Executing Agency activities.

48. In connexion with the Administrator's proposals to consider rationalizing the work of the Council by limiting the amount of documentation on routine matters and by holding only one formal session each year, most members expressed their willingness to consider those questions at the June session of the Council on the basis of either a detailed report by the secretariat or the recommendations of a duly appointed ad hoc committee of the Council. Some members, however, gave voice to reservations on the procedure of holding several informal sessions during the year since that would give the larger delegations of some countries an undue influence in Council affairs. Other members, while expressing appreciation for the Administrator's efforts in reducing the costly volume of documentation for Council sessions, nevertheless observed that the preparation of such documentation served important ancillary functions, both by providing an initial means of evaluating the activities of the Programme and by forging a first link in the co-ordination of UNDP programmes with those of other multilateral and bilateral organizations.

Observations of the Administration

49. The Administrator thanked members of the Council for their comments and observations.

50. The Administrator expressed appreciation to the Governments of the Federal Republic of Germany, Japan, Pakistan, Sri Lanka and the United Kingdom, which had announced additional voluntary contributions, and also to those countries which had confirmed that they would continue to pay assessed programme costs on a voluntary basis. He informed the Council that the additional pledges would make it possible to make some increase in the 1977 ceiling.

51. With respect to the cash balances carried forward from 1976 to 1977, the Administrator explained that they were mainly comprised of funds on behalf of cost-sharing activities and the Special Measures Fund for the Least Developed Countries. He assured members that the funds for least developed countries, as well as those of the United Nations Capital Development Fund would be utilized to meet the desired objectives of those programmes as rapidly as possible. He further gave the assurance that he would effect the transfer of \$3 million from the Programme Reserve to the Special Measures Fund for the Least Developed Countries as soon as possible.

52. The Administrator made special reference to his request contained in paragraph 26 of document DP/238, and stated that only one aspect of the expanded authority required immediate attention, i.e. paragraph 26 (b) covering contributions by those countries which had relinquished their IPFs while still desiring assistance through UNDP. In the light of the views expressed at the current session and at the June 1976 session, the Administrator explained that it was his understanding that the Council was prepared to endorse a provision for continued technical assistance to such countries on a fully reimbursable basis.

53. Commenting on the uneven cash flow, the Administrator assured the Council that he intended to give priority consideration in 1977 to a new system for improved financial management and controls which he was convinced would contribute to better forecasting in the future. He also informed the Council that, in response to the request made during the discussion, UNDP would provide an advance summary financial statement at the end of each year. The Administrator was also appreciative of the concern of the Council relative to the accumulation of non-convertible currencies and indicated that he would maintain his efforts to increase the utilization of those currencies. The Administrator also noted the concern of a member regarding the UNDP organizational structure and another member's concern regarding duplication of functions should the custodianship of UNDP funds be transferred. He assured members that UNDP currently had the ability and competence to assume those functions without additional costs.

Consideration of a draft decision on item 4

54. At its 566th meeting, on 4 February 1977, the Council considered a draft decision recommended to it by an informal working group on item 4, which met under the chairmanship of the First Vice-President.

55. Following the adoption of the decision (see para. 58 below), several members explained that they approved subparagraph (p) of the decision on the understanding

that it did not signify approval of the action to circularize UNDP staff as noted in that subparagraph and in particular that it did not constitute a decision by the Council with regard to the pay of the UNDP staff at headquarters or in offices of the resident representatives. They considered that the voluntary approach to the question of pay structure was possible, applicable and appropriate only in relation to field experts working in locally prevailing conditions in countries where projects were being executed and had so informed the Administration, indicating in their letters the agreement of experts from their countries to be paid in accordance with the traditional system. However, their delegations considered the Administrator's action irregular with reference to the pay of headquarters staff and staff of the offices of the resident representatives, since the rates of pay of international staff and the means and financial methods of effecting payments to such staff were determined by decisions of the appropriate intergovernmental bodies, by which the Administrator should be guided. Secondly, ACC was not competent to deal with such fundamental questions as the pay of headquarters staff of international organizations and had no right to encroach upon the sphere of competence of intergovernmental bodies or to assume their functions.

56. The Director of the Division of Finance explained that ACC had been concerned that all staff at a given duty station should be treated equally, and it was in that context that the invitation had been extended to staff and experts to accept a portion of their base salary and dependency allowance in non-convertible currencies.

57. Referring to subparagraph (m) of the decision adopted by the Council, the Deputy Administrator said that the decision would require some change in current practices, and the instructions sent to resident representatives and agencies would have to be altered. Accordingly, some time would be required for the decision to be implemented.

Decision of the Governing Council

58. At its 566th meeting, on 4 February 1977, on the recommendation of the Informal Working Group on Item 4, the Governing Council:

(a) Took note of the improved financial situation as described in the reports of the Administrator on the financial situation of UNDP as at 30 September 1976 (DP/214) and on the financial situation and related matters (DP/238) and in the Administrator's opening statement and the views expressed by the members of the Council;

(b) Commended the Administrator for his efforts undertaken in co-operation with Governments and all Executing Agencies in overcoming the short-term liquidity crisis faced by UNDP in 1976 as a part of the over-all effort to improve the financial situation of UNDP;

(c) Expressed deep concern over the limited resources available for programme purposes in 1977;

(d) Appealed to all Governments able to do so to make every possible effort to provide additional voluntary contributions to the Programme;

(e) Appealed to recipient Governments to make supplementary voluntary

contributions in local currency to compensate for payments formerly made available under assessed programme costs, in accordance with the decisions taken by the Governing Council at its twentieth session;

(f) Noted the level of expenditures established by the Administrator in the amount of \$347.3 million to be the minimum for planning purposes for 1977 and requested the Administrator to ensure to the best of his ability that all IPFs for the second programming cycle were fully delivered and that the highest possible level of programme delivery consistent with the resources realized by the Programme was achieved, taking particularly into account in consultation with recipient Governments those projects actually delayed or curtailed and further requested the Administrator to take the necessary steps to ensure that the pattern of annual country expenditure ceilings was in keeping with the IPFs for the second programming cycle without prejudice to the adjustments required to duly account for excesses or shortfalls of approved IPFs during the first programming cycle;

(g) Requested the Administrator to ensure that expenditures were maintained within the limits of available resources;

(h) Noted with deep concern that the level of administrative and programme support costs as a proportion of the costs of programme delivery in the field had increased from 13 per cent in 1973 to approximately 14 per cent in 1976 and was projected at 14.7 per cent for 1977, while there had been a continuous decline in resources for programme delivery in the field since 1975, and requested the Administrator to ensure that administrative and programme support costs were kept to the minimum, consistent with the necessary workload, effective management and the need for increased programme delivery, bearing in mind the necessity to reverse the above-mentioned trend;

(i) Requested the Administrator to continue his efforts to improve management within UNDP; further requested Governments and specialized agencies to co-operate in strengthening the central and leading role of UNDP in the funding and co-ordination of technical assistance within the United Nations system;

(j) Approved the Administrator's proposed schedule of instalments for progressive restoration of the Operational Reserve in the amounts of \$15 million in 1977, \$35 million in 1978 and \$50 million each year in 1979 and 1980; further decided to review periodically this pace of restoration of the Operational Reserve, keeping in view the total resources mobilized for the Programme;

(k) Decided to close the Programme Reserve account at the end of 1976 and to open a new account for the second IPF cycle, on the understanding that unliquidated obligations or ongoing projects at the end of 1976 would be charged against the second cycle Programme Reserve;

(l) Recognized that the success of the future activities of UNDP to a great extent depended on timely, effective and full utilization of all contributions placed at the disposal of UNDP for technical co-operation purposes; noted with concern the continuing accumulation in the accounts of UNDP of those non-convertible currencies so far unutilized; urged Governments in this connexion to contribute to UNDP in currencies readily usable, or convertible in accordance with regulation 6.4 of the Financial Rules and Regulations, in order to ensure that IPFs in the current cycle shall be fully delivered; requested the Administrator, in

continuing his efforts in co-operation with Governments and specialized agencies, to find practical methods to employ all financial resources with due regard to the need for the speedy utilization of the non-convertible currencies so far unutilized while adhering strictly to Financial Regulation 6.5 which provides that voluntary contributions shall be made without limitation as to use by a specific Participating and Executing Agency, in a specific recipient country or for a specific project, and that no contributing Government shall receive special treatment with respect to its voluntary contribution nor shall negotiations for the use of currencies contributed to UNDP take place between contributing and recipient Governments;

(m) In order to ensure an equitable distribution of expenditure ceilings based on all available currencies, decided that the Administrator shall include accumulations of non-convertible currencies in the total resources available for aggregate annual expenditure ceilings on the basis of realistic estimates of total expenditures of all currencies including those currencies and requested the Administrator to report annually to the Council;

(n) Requested the Administrator to take the necessary steps to ensure that all payments for goods and services (including the provision of equipment, subcontracts, transport, etc.) rendered to all UNDP-financed projects by entities headquartered in countries whose currencies have been accumulated in UNDP are made exclusively in currencies in which their country contribution is paid to UNDP until these accumulations are used, and further requested the Administrator to make a detailed status report to the Governing Council as soon as possible but not later than the twenty-sixth session of the Council on (i) the measures he has taken to implement this request; and (ii) the problems if any, he has encountered in its implementation;

(o) Took note with appreciation of the reported agreement of field experts of some countries contributing to UNDP in non-convertible currencies to receive their salary in accordance with the traditional system, i.e. in three currencies: non-convertible, local and convertible;

(p) Took note of the Administrator's action to circularize UNDP staff informing them of the adoption of a new system whereby the staff and experts have been invited to accept voluntarily a portion of their base salary and dependency allowance in UNDP's accumulated non-convertible currencies, and requested the Administrator to include the progress of the utilization of accumulated non-convertible currencies through this arrangement in his report to the Council requested in subparagraph (n);

(q) Authorized the Administrator to provide assistance to Governments which have relinquished or foregone their IPFs and to accept special contributions from those Governments to implement programmes in their respective countries on a fully paid basis, including the appropriate part of UNDP administrative costs, and requested the Administrator to report periodically to the Council on the provision of such assistance;

(r) Requested the Administrator, in close co-operation with the Executing Agencies, to proceed as early as possible to elaborate and develop an improved system-wide financial and programme information network linking UNDP headquarters, field offices and the Executing Agencies and instituting controls that would in

future help prevent the occurrence of financial difficulties as encountered by UNDP in 1975 and 1976. To this end, authorized the Administrator, if additional resources are forthcoming, to increase the administrative budget by up to \$1,150,000 over 1977-1978 for this purpose, and requested the Administrator to report to the Council at its twenty-fifth session on the development of the financial and programme information network;

(s) Approved the revised IPFs for 1977-1981 for Seychelles and the Socialist Republic of Viet Nam at \$1.6 million and \$44 million respectively, this amount to be provided from the provision earmarked for new participants in the Programme, as decided by the Council at its twenty-second session;

(t) Took note of the Administrator's intention to extend his delegation of authority to resident representatives to approve projects within the guidelines provided by him, and endorsed the increase in the upper limit of such approvals from \$150,000 to \$400,000, and requested the Administrator to report on the use of this delegated authority, including a report on the central monitoring and evaluation functions, to the Governing Council at its twenty-sixth session for its review.

III. IMPLEMENTATION OF NEW DIMENSIONS IN TECHNICAL CO-OPERATION

59. Under agenda items 7 and 8, which were considered jointly by the Council, the Council had before it reports of the Administrator on new dimensions in technical co-operation (DP/220) and government execution of projects (DP/221 and Add.1). Document DP/221/Add.1, containing proposed changes required in the UNDP Financial Regulations and Rules for government execution of projects, was referred to the Budgetary and Finance Committee for consideration (see paras. 324-327 below).

60. Introducing the report on the implementation of new dimensions, the Deputy Administrator noted that there were still relatively few examples of projects which fully incorporated the concepts of new dimensions approved by the Council at its twentieth session. While the low level of new project approvals in 1976 was certainly one factor which contributed to the slow growth in the number of such projects, the Deputy Administrator suggested that there were two other major reasons why such activities had not increased as quickly as might have been expected. First, the Governing Council had established only broad guidelines for the implementation of new dimensions and there had been inevitable difficulties and delays in working out the specific modalities required and in translating the Governing Council's guidelines into the necessary detailed administrative procedures. As examples of the type of problems which had to be overcome, the Deputy Administrator mentioned various questions which had to be resolved in such matters as government execution, joint financing, and the employment of national experts, particularly expatriates. A second reason for the apparent lack of new dimensions projects was that, in many respects, the concept was a change in emphasis rather than a new departure. The result was that it was often difficult to ascertain whether such a change in approach had taken place. The changes from an emphasis on project inputs to an emphasis on project outputs, from the need to transfer technology to the need to build up a technological capability within the developing countries, etc., were difficult to document because they were essentially qualitative rather than quantitative. As examples of the types of change required, the Deputy Administrator cited the concept of collective self-reliance which the new dimensions should help to promote. However, preparatory work for the United Nations Conference on Technical Co-operation among Developing Countries had already demonstrated that considerable time and effort were required if the full potential of that approach was to be obtained. Similarly, joint financing was a feature of new dimensions which was advocated because the demarcation between technical and other forms of assistance was unclear. It was originally anticipated that joint financing could be used in activities designed to ameliorate mass poverty, but considerable time was required for UNDP to find suitable partners and projects for such endeavours. Finally, the new dimensions had foreseen an important role for high risk and pilot projects, but again the development of such activities often took considerable time and in many instances required resources in excess of those currently available under country expenditure ceilings. The Deputy Administrator concluded his statement by emphasizing that the new dimensions provided only broad guidelines which would require a continuous process of education and understanding, not only within UNDP but also within the Executing Agencies and recipient Governments themselves.

61. The Assistant Administrator (Programme Policy and Evaluation) informed the Council that the Administrator's report on government execution of projects (DP/221), had been prepared in response to a request made by the Council at its previous session. It was emphasized that the Administrator's report had been fully discussed with the Executing Agencies, not only in the Programme Working Group (PWG) and in IACB but also in December in a special Inter-Agency Task Force on the matter. As a result of those discussions, a number of agency suggestions had been incorporated in the report and full understanding had been reached with the agencies on the role they would play in government-executed projects.

62. The Assistant Administrator reminded the Council that all projects were government projects. Government execution would be an important step towards promoting self-reliance in that it would enable Governments to assume greater responsibility not only in implementing a project but in mobilizing and applying the resources required. Government execution would not diminish the important role of the agencies in providing substantive support to projects. In some instances such substantive support might involve only providing assistance to UNDP in its appraisal, monitoring and evaluation of a project, but other projects could require both the Government and agency jointly to assume responsibility for the execution of a project. Clearly, a range of possibilities existed, and it would be inadvisable to devise a rigid mechanism for government execution of projects. Although there was little experience on which to build, it was considered that the broad guidelines proposed to the Council in document DP/221 would not only safeguard the Administrator's accountability but would also ensure that Governments which assumed responsibility for the execution of a UNDP-financed project would continue to receive the benefit of the substantive capability of the United Nations system. As soon as the Council's views on the Administrator's proposals were known, guidelines and detailed financial procedures for government execution would be prepared and issued to field offices and to the agencies.

Summary of discussion

63. Members expressed their appreciation for the Administrator's reports and the introductory remarks on items 7 and 8. Several members reiterated their support of the principles embodied in the concepts of new dimensions and government execution, although differing views were expressed on some of the issues raised in the two reports. There was general disappointment that there was not greater evidence of progress in the implementation of new dimensions. While some members recognized the various impediments which had been referred to by the Deputy Administrator, other members expressed the view that new dimensions had not been given sufficient emphasis either in the country programmes which had recently been prepared or in individual project proposals. It was generally agreed that advantage should be taken of the limited experience gained to date in order to promote the application of new dimensions in the second IPF cycle. However, some members warned against moving with undue haste and emphasized that the scope for applying the new dimensions concepts was in some instances limited. A number of members expressed the view that new dimensions projects should take into account the needs of the poorest sections of the community, while others reiterated the view that the selection of priority areas should remain the responsibility of the recipient Government.

64. Many members drew attention to the benefits which could be derived from the application of the new dimensions concepts. Several members emphasized the

important role of new dimensions in promoting self-reliance in the developing countries and pointed out the necessity for those countries to make increasing use not only of their own material resources but also of the experts and institutions of partner countries. Attention was also devoted to the possibility of reducing the cost of technical co-operation, again as a result of obtaining project inputs from within the developing countries themselves. Some members referred to other advantages of technical co-operation among developing countries, including the transfer and build-up of appropriate technology. A number of members cited examples of projects in their own countries and regions where the principles of new dimensions had been applied to good effect. One member informed the Council of some of the difficulties faced by his country in the implementation of the country programme during the first IPF cycle and pointed out that, while UNDP should continue to build up the capacity for self-reliance in the developing countries, application of the new dimensions concepts could be expected to encounter similar practical difficulties.

65. Most members indicated their broad endorsement of the proposals put forward by the Administrator regarding government execution of projects. In supporting the proposals, many members expressed the view that while government execution was an important aspect of the application of the new dimensions agreed to by the Council, it should not be regarded as a new and radical departure from existing practices. Some members pointed out that Governments were already responsible for executing not only all their own domestically financed development activities but also a number of projects financed by other multilateral bodies such as the World Bank, UNICEF and UNFPA. Some bilateral donors also made recipient Governments responsible for the execution of certain projects. Two members informed the Council of the favourable experience of their respective bilateral aid programmes with government execution of projects.

66. Several members expressed concern that government execution might jeopardize the multilateral nature of the United Nations development system. They expressed the view that, because of their extensive technical capability, the Participating and Executing Agencies should continue to make a substantive input into projects at the formulation, appraisal and evaluation stages even if responsibility for executing the project was entrusted to the Government. Those members considered that the Participating and Executing Agencies had an indispensable role to play in ensuring that the qualitative standard of the technical assistance provided by the United Nations system was maintained, and in that respect they underlined the importance of the statement of the Administrator in paragraph 14 of document DP/221 that he would seek the advice of agencies within the areas of their respective competence concerning projects proposed for execution by Governments.

67. Some of the remarks on government execution were similar to those made with regard to new dimensions in general. Several members commented that government execution of projects was one of the key elements in the promotion of self-reliance and would increase the use of inputs from the developing countries themselves, possibly at a lower cost than inputs from traditional sources. It was stated that government execution would also be consistent with increased decentralization and would reduce the administrative costs of the Programme.

68. A number of members referred to the question of international competitive bidding for contracts awarded under government-executed projects. A few members indicated that the principle of international competitive bidding should be

rigorously adhered to, while other members suggested that it might be possible to provide a competitive advantage to firms and institutions from the developing countries. Two members and one observer suggested that the developing countries should give increased attention to the possibility of obtaining goods and services for use in technical assistance projects from countries belonging to the Council for Mutual Economic Assistance.

69. A number of members requested clarification from the Administration on some specific points in document DP/221, mainly relating to the proposed procedures and financial provisions for government-executed projects. One member expressed the view that, while continuing to support the decision on new dimensions, the future of UNDP would depend more on the resolution of management difficulties than on new programming concepts. He raised a number of questions regarding the measures which would be undertaken by the Administrator to meet his responsibility for the quality and efficiency of the Programme and his accountability to the Council. Others also emphasized the need to proceed with caution in government execution and indicated that the principle should be applied on a selective basis. A number of members suggested that government execution should be made applicable to ongoing as well as to new projects.

70. Some members asked that the Participating and Executing Agencies should comment on the Administrator's report on government execution, particularly since document DP/221 had been prepared before the meeting of the Inter-Agency Task Force in December. Representatives of five agencies addressed the Council and informed members of their general endorsement of the principles of government execution. Agency comments and suggestions had been taken into account in the proposals put forward by the Administrator, and the agencies were satisfied with the consultations which had taken place on the matter. The agencies' primary concern had been to ensure that the body of knowledge and experience within the agencies would continue to be made available to the developing countries and that the technical quality of projects would not suffer from a failure to utilize fully their capability in that area. The agency representatives emphasized that there were still a number of procedural issues regarding government execution that had to be worked out. One of them was the question of reimbursement to agencies for the services provided in connexion with government-executed projects, but the agencies felt that it should not prove unduly difficult to find a satisfactory solution to that or other outstanding issues.

Observations of the Administration

71. In responding to the comments made during the debate, the Deputy Administrator noted that some members had suggested that UNDP should more actively pursue the implementation of new dimensions projects while others considered that UNDP should continue to move with caution in that respect. Despite those differing views, there were some important areas of agreement. There was a general understanding that the new dimensions were a natural evolution in the development of the Programme, aimed at ensuring that it became more relevant and effective. Consequently, reporting on such activities could henceforth form an integral part of the Administrator's annual report. Furthermore, it was agreed that the new dimensions provided a flexibility which did not necessarily have to be adopted in every case, but that application of the new concepts would have to take into account the paramount principles on which UNDP assistance was based, namely the

promotion of the spirit of self-reliance, the multilateral nature of the system and the need for cost-effectiveness. Nevertheless, Governments' desire for change would have to be respected and concepts such as new dimensions and technical co-operation among developing countries raised questions about the future meaning of multilateralism which would have to be examined by the Council.

72. The Deputy Administrator then responded to some specific issues raised in the debate. He recognized that document DP/220 had not fully analysed the constraints on the implementation of the principles embodied in the new dimensions concept and for that reason he had referred to some of those constraints in his introductory statement. He had found the statement by one member to have been particularly useful in clarifying his own views on certain issues and he informed the Council that the meeting of the Inter-Agency Task Force on Government Execution had also been particularly rewarding. One point which had clearly emerged was that the United Nations system of technical co-operation was not a tripartite system but rather involved only two partners. UNDP and the agencies formed an entity which should increasingly concentrate on the areas in which its advantage lay, namely in the provision of technical knowledge rather than administrative services. With the United Nations system providing only technical inputs, all projects could be regarded as being executed by the recipient Government so that the distinction between agency-executed projects, directly executed projects and government-executed projects would disappear. In common with other donors, UNDP and the agencies provided funds to achieve specific objectives and slight differences in the method of execution should not cause unnecessary distinctions to be made between projects.

73. The Assistant Administrator (Programme Policy and Evaluation) stated that her interpretation of the discussion was that UNDP should certainly proceed with government execution, albeit with caution. Although there would be certain difficulties in that new approach, UNDP had confronted similar innovations in the past and had been able to resolve all the policy and procedural issues that had arisen in the course of developing such new themes, particularly through responsible co-operation at the field level between the Government and the resident representative. UNDP would not suddenly abandon all existing practices in favour of the new approach but would apply the new flexibility in a limited manner to ensure that recipient Governments could benefit from the best possible method of project execution. The Governments themselves were the first to be interested in ensuring that the most effective manner of providing technical co-operation was adopted, and they had already shown a mature and responsible attitude toward the new procedure.

74. The Assistant Administrator emphasized that UNDP shared the views of the Council on the essential need for the fullest involvement of the agencies in government-executed projects and she informed the Council that all such potential projects would be discussed with the agencies at the appraisal stage. The need to maintain the qualitative imprint of the Programme was fully recognized and it was in the interest of recipient Governments that that should be so. Indeed, the impact of the agencies might well increase with government execution as the agencies were relieved of their administrative responsibilities and enabled to concentrate on the substantive issues of projects. In that connexion, she expressed UNDP's appreciation for the agencies' helpful attitude on the question of reimbursement for the costs incurred as a result of their involvement in government-executed projects. UNDP would continue to exchange experience on

government execution and discuss procedural aspects, including overheads, with the agencies in the special Inter-Agency Task Force on the subject, which would continue to meet periodically.

75. Responses were provided to a number of questions on specific administrative and financial issues in document DP/221 which had been raised during the discussion. The Assistant Administrator indicated that UNDP would proceed with government execution selectively and with caution, but that many problems would have to be resolved on a pragmatic basis. Progress would be reviewed periodically and reported to the Governing Council accordingly.

Decision of the Governing Council

76. At its 563rd meeting, on 1 February 1977, the Governing Council:

(a) Took note with appreciation of the Administrator's reports on implementation of new dimensions in technical co-operation (DP/220) and government execution of projects (DP/221) and of the views expressed during the discussion of these items in the Council;

(b) Reaffirmed its decision taken at the twentieth session on new dimensions in technical co-operation; 3/

(c) Requested the Administrator, in close collaboration with the specialized agencies, to continue to pursue the application of new dimensions approaches in the Programme's technical co-operation activities, especially by promoting awareness at the country level of the new concepts of and attitudes towards technical co-operation, of which the new dimensions approaches were a reflection;

(d) Requested the Administrator to inform the Council in his annual report for 1977 and subsequent years about the manner in which the new dimensions in technical co-operation were being reflected in the programmes and projects;

(e) Authorized the Administrator, pursuant to its decision at its twenty-second session, to continue the execution of projects including ongoing projects by Governments and institutions on the basis of the procedures outlined in document DP/221 and taking into full consideration the views of the members of the Council expressed during the discussion of that document;

(f) Requested the Administrator to report periodically on the implementation of this decision and, as appropriate in the light of experience gained, on such procedural changes as may be required for the effective execution of projects by Governments and institutions.

3/ Ibid., Fifty-ninth Session, Supplement No. 2A, para. 54.

IV. ARRANGEMENTS FOR THE EVALUATION OF FIELD PROGRAMMES; USE OF JUNIOR PROFESSIONAL OFFICERS AND ASSOCIATE EXPERTS

77. Under item 6 of the agenda, the Governing Council had before it two reports, one entitled "Governing Council consideration of quality and relevance of the field programme: possible scope and arrangements" (DP/224), and the other "Co-ordination, harmonization and supervision of the use of junior professional officers and associate experts" (DP/227 and Add.1).

78. Introducing the item, the Assistant Administrator (Programme Policy and Evaluation) said that document DP/224 presented suggestions as to how the Council might consider the quality and relevance of the field programme. A two-pronged approach was suggested. First, the Council might review information and analyses normally made available by the Administrator on the quality and relevance of the programme as a whole and of specific aspects of the programme. In that connexion, she drew the Council's attention to the Administrator's remarks in his opening statement concerning UNDP's current efforts to intensify its evaluation work and progressively make it more systematic, so that it became an integral element of policy formulation, and of the improvement of programme and project design and implementation. Secondly, the Council might, if it wished, arrange to organize visits by teams of its members to programmes and projects in the field, with the prior agreement of the Governments concerned. Such visits could be financed out of the Programme Reserve, though it would place an additional strain on the Programme Reserve.

79. The Assistant Administrator also referred to General Assembly resolution 31/192 establishing the new statute for the Joint Inspection Unit which, inter alia, specified its role in evaluation. She recalled that in discussions relating to Economic and Social Council resolution 2039 (LXI), UNDP had emphasized that the responsibility for the examination of the quality and effectiveness of UNDP field programmes rested primarily with the Governing Council.

80. Concerning the use of junior professional officers and associate experts in UNDP-assisted projects, it should be borne in mind that, since associate experts were used by the agencies as part of the international staff of UNDP-assisted projects under direct arrangements with sponsoring Governments, there was no central co-ordinating mechanism. She drew attention to paragraph 10 of document DP/227, which pointed out the connexion between the co-ordination and harmonization of the use of associate experts and the current evaluation of the United Nations Volunteers programme, as well as the proposed independent study of the use of experts being considered by the Budgetary and Finance Committee of the Council under item 9 (c) (see paras. 278-291 below).

Arrangements for the evaluation of field programmes

Summary of discussion

81. In the ensuing discussion, a number of members emphasized the importance of the evaluation of UNDP's field activities, especially as a basis for the

consideration by the Council of all relevant experiences and for adopting decisions and recommendations aimed at maximizing the efficiency and effectiveness of the utilization of the resources made available to UNDP. Two members made suggestions on the scope and focus of such evaluation. One member said that, while document DP/224 provided a useful basis for defining an effective and comprehensive policy for evaluating the UNDP field programme, he would have welcomed a detailed statement on UNDP's current evaluation activities and procedures. The document was a good beginning but he hoped it could be followed up by more systematic proposals.

82. There was widespread agreement that the questions and issues which were listed under paragraphs 5 through 8 of document DP/224 provided a good basis for the examination of the quality and relevance of programmes and projects. Several members stressed the necessity of obtaining information about the availability of other resources for development, both bilateral and multilateral, and the purposes for which they were used, in order to enable the Governing Council to judge the relevance of any particular country programme. One member felt that the questions posed might properly be considered by the Council only when it reviewed and approved individual country programmes; otherwise the Council would enter areas which were the exclusive prerogative of the individual Governments concerned. On the other hand, some members noted with satisfaction that the questions proposed the Council's examination of quality and relevance in terms of the assisted countries' own priorities and objectives, while also taking into consideration goals established by the Governing Council, the Economic and Social Council and the General Assembly.

83. Some members felt that the Council could examine the relevance and quality of the programme on the basis of documentation submitted by the Administrator. Others considered that such documentation alone would not suffice for a proper discharge by the Council of its responsibility. It was suggested that sessional committee meetings be held, preferably prior to the plenary meetings, to examine in depth specific aspects of the programme. Participants in such meetings should ideally include specialists with field experience assigned to delegations for that purpose by Governments of member States as well as qualified experts from the agencies. One member stated that the Governments of the developing countries themselves should play an important role and that their own assessments should provide the basis for the discussion in the Governing Council. Another member felt that the submission of a new country programme to the Council for its approval should be accompanied by an evaluation of the preceding country programme.

84. One member emphasized the importance of regular in-depth reports of an analytical and problem-oriented nature, such as sectoral studies and reports on groups of completed projects, or vertical studies of the implementation of country programmes. Another suggested that UNDP should study the procedures followed by the World Food Programme and reconsider its position that reports could not be made available to the Council on the evaluation of individual projects without the agreement of the Governments concerned. Given current efforts to reduce documentation being proposed to the Council, some members urged caution in regard to preparing documents for evaluation purposes, while some others felt that that was justified by the importance of the subjects.

85. Though there was some support for the suggestion that the Council might organize its own missions to visit field programmes and projects, the predominant

view was that that arrangement was not satisfactory. Reasons given included the undesirability of further straining the already overburdened Programme Reserve, the adequacy of the procedure as an evaluation tool was questionable even though it might help deepen the understanding of members with regard to field programmes, the implications for the workload of both host Governments and the secretariat, particularly the field offices, and the possibility of infringing on the sovereign rights of assisted Governments. Several members said that, should the Council agree to the proposed arrangement, it would be imperative to secure the agreement and co-operation of the Governments of countries to be visited. One member said that such visits should be supervised by the host Government. An alternative suggestion was made that member Governments might use travel by their officials or their diplomatic representatives abroad to visit projects and field offices, making the necessary arrangements through UNDP headquarters or its field offices.

86. One member said that the Administrator's proposal had missed the point of his suggestion at the previous session of the Council. His intention had been that visits of Council members to UNDP field offices should be arranged in order to assess how far resident representatives were carrying out the wishes of the Council in such matters as new dimensions.

87. Some members indicated that they would welcome a more comprehensive report from the Administrator on how the Council might properly consider the quality and relevance of the field programme, in the context of evaluation carried out by the assisted Governments themselves, the procedures, practices and results of evaluation carried out by the secretariat, and evaluation carried out by such other bodies as the Joint Inspection Unit. In that connexion, one member said that the Administrator should include in any report he submitted an indication of the criteria that should be taken into account in evaluating the field programme.

Observations of the Administration

88. Responding to the discussion, the Assistant Administrator (Programme Policy and Evaluation) clarified that document DP/224 was not intended to be an exhaustive analysis of the complex subject of evaluation but a response to the specific suggestion made by the Council at its last session that the Administrator propose arrangements for the consideration of the quality and relevance of the programme by the Council itself. It was necessary to distinguish clearly between the latter and evaluation carried out by the assisted Governments themselves or by the secretariat.

89. She acknowledged the cogent and thoughtful points made by members on evaluation generally and on the specific suggestions put forward by the Administrator. There was a general consensus on the need to make the whole process of evaluation more systematic and to delineate the respective and complementary roles of individual Governments, the Governing Council, the UNDP Administration and the executing agencies. Several members had suggested that the Administrator should prepare a more comprehensive analysis of the subject for the next session. If the Council agreed, it could be included in any document on the future of technical co-operation as provided through UNDP.

90. The Assistant Administrator indicated that UNDP was working closely with the World Food Programme in the field of evaluation, often in joint undertakings. In regard to making reports on individual project evaluations available to the

governing body, the achievement of the purpose of those evaluations - the improvement of project implementation and effectiveness - required total frankness and that required confidentiality. However, those evaluation reports yielded valuable lessons for improving the programme as a whole as well, which were communicated to the Council through the Administrator's annual reports and other documents.

91. As regards the question of visits by Governing Council members to the field, the discussion had shown a clear preference for alternative methods of arranging Governing Council involvement, which would be taken up by the Administrator in the context of the more comprehensive document proposed for the next session. In that connexion, the secretariat regretted if there had been any misunderstanding of the intention of the original proposal; any misinterpretation had been quite inadvertent as she was sure the representative concerned appreciated.

Junior professional officers and associate experts

Summary of discussion

92. On the subject of the co-ordination, harmonization and use of associate experts and junior professional officers in the UNDP programme, several members spoke of the value of those programmes to the sponsoring Governments, to the countries to whose projects associate experts were assigned, and to UNDP itself, in its use of junior professional officers. A number of members also described their Governments' programmes for sponsoring associate experts and junior professional officers. One member referred to the fact that his Government had started in a small way to sponsor associate experts from developing countries as well. The representative of a developing country said that his Government had also established a programme to sponsor associate experts but the moneys earmarked for that purpose were not being utilized rapidly enough by UNDP. Representatives of two agencies, namely FAO and UNIDO, gave brief accounts of the use they were making of associate experts.

93. While expressing their support for the programme of sponsoring associate experts, a number of members agreed with the Administrator that the scheme could be improved and made specific suggestions. There were several cases where the purposes and concept underlying the programme, which were succinctly set out in paragraph 4 of document DP/227, were not fully taken into account in practice. In some cases, the associate experts were over-qualified in relation to the tasks to be performed by them; in other cases, they were under-qualified. There was a clear need for greater attention to the proper matching of needs and personnel. To achieve that, the following were necessary: precise definition of the duties and responsibilities of associate experts in the project to which they would be assigned; clear and complete job descriptions; common criteria regarding qualifications needed, covering such elements as age, education and experience, for example. Furthermore, in order to achieve the training objective of the scheme, there should be proper supervision of the work of the associate experts by senior experts, and the tendency to appoint associate experts to senior expert positions should be avoided. The distinction between the two types of personnel should be maintained. One member said that the recruitment of associate experts should be carried out with future needs of expert services in mind.

94. A number of members also called on UNDP to take the lead in co-ordinating the use of associate experts so that they were assigned to countries and projects where they were needed most. In so far as the associate experts were financed by sources other than the IPF, they constituted an additional contribution and the benefits of that additional contribution should be focused on the least developed countries. Furthermore, UNDP should take the lead in harmonizing the concepts and procedures and in reducing the disparity in the remuneration paid by different agencies to associate experts employed by them. To achieve those improvements, further information on the policies of sponsoring Governments as well as the policies of the agencies were needed. Attention was also drawn to the need to reduce the overhead costs involved. One member pointed out that his Government's efforts to negotiate lower overhead charges by utilizing agencies had not been fruitful.

95. Members whose Governments were sponsoring junior professional officers voiced their general satisfaction with the use being made of them by UNDP and other organizations. One member felt, however, that UNDP should reconsider its policy of charging overheads for handling junior professional officers.

96. A number of members whose Governments were sponsoring the services of their nationals to serve as associate experts and/or junior professional officers indicated that they were considering similar sponsorship of developing country nationals as well. Several developing country members welcomed that and hoped that arrangements for such sponsorship would be adequately and promptly made.

97. Reference was also made to the evaluation of the United Nations Volunteers programme which was under way and to the proposed independent study of the use of experts which would also encompass a study of associate experts. Members expressed the hope that the studies would pave the way for further enhancement of the usefulness of the programmes under discussion. Two members, however, expressed reservations about using volunteers to fill vacant associate expert posts, considering the differences in remunerations paid.

Observations of the Administration

98. Responding to the discussion, the Assistant Administrator (Programme Policy and Evaluation) said she welcomed the many useful suggestions that had been made by members for improving the co-ordination, harmonization and use of associate experts and junior professional officers. While there were certain practical difficulties in UNDP's playing an effective role as co-ordinator, the issues raised would be taken up with the agencies through the medium of PWG and IACB. Questions relating to overhead costs for associate expert appointments might be considered in the context of the over-all discussion of agency overhead costs, but it should be borne in mind that the recruitment and assignment of associate experts required a considerable amount of work, perhaps not less than that required for the appointment of senior experts. The same was true in regard to the recruitment, placement and training of junior professional officers in UNDP field offices.

99. In conclusion, the Assistant Administrator thanked the members for their valuable comments and suggestions.

Decision of the Governing Council

100. At its 565th meeting, on 4 February 1977, the Governing Council took note of the reports of the Administrator (DP/224 and DP/227) on the arrangements for the evaluation of the UNDP field programmes and of the views expressed by the members of the Council during the discussion. It further took note of the intention of the Administrator to revert to the question of evaluation in the documentation which he would present to the Council at its twenty-fourth session, taking into account the views expressed by members of the Council.

V. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

101. Under item 5 of its agenda, the Council had before it 15 country programmes - for Burundi, Chile, Colombia, Democratic Yemen, Dominican Republic, Guyana, Haiti, Honduras, Jamaica, Lesotho, the Libyan Arab Republic, Madagascar, Peru, the Philippines and Romania - as well as one global project, International Centre of Insect Physiology and Ecology (ICIPE) (Phase II) (DP/PROJECTS/R.7 and Add.1), submitted for consideration and approval.

102. The Council also had before it a report by the Administrator (DP/231) on the relevant problems and trends of the proposed country programmes, which had been prepared in response to a request by the Council at its twenty-first session. 4/

103. In addition, the Council had before it for the first time the global, interregional, and regional programmes proposed for the second development cycle, 1977-1981. The documentation comprised a note by the Administrator on the scope and orientation of those programmes as well as on their preparation and general arrangements for their implementation (DP/215); and separate documents for the global and interregional programmes (DP/216); and the regional programmes for Africa (DP/219), Asia and the Pacific (DP/217 and Corr.1), Europe, Mediterranean and the Middle East (DP/218), and Latin America (DP/225 and Corr.2).

104. Acting on a proposal by the President, the Council decided to take up the submission of the intercountry, interregional and global programmes in open meetings in view of their importance and the desirability of recording in its report the presentation of the programmes as well as the comments thereon by members of the Council. The individual country programmes and the global project were taken up in closed meetings, in accordance with rule 4 of the rules on procedure of the Council.

105. Introducing the global, interregional and regional programmes, the Deputy Administrator noted that it was appropriate for the Council to examine the character and content of the intercountry and global activities that UNDP proposed to assist during the course of the current five-year programming cycle. He regarded the global programme as significant since the activities of the programme were directed towards the solution, through applied research, of major problems concerning a wide spectrum of developing countries. The main emphasis of the global programme during 1972-1976, that of increased food production, would be continued in the current cycle, but increased resources would permit significant inputs into global research efforts in other priority fields, notably in tropical diseases, non-food crops, fisheries, and technology. Many of the successful features of global projects, such as joint financing and flexibility of implementation, would be continued in the current cycle.

106. Turning to interregional programmes, which in real terms would be of the same magnitude as in the previous cycle, the Deputy Administrator said that the main

4/ Ibid., Sixty-first Session, Supplement No. 2, para. 283 (i).

priorities would be in the areas of trade and economic co-operation, international fisheries, and industry and technology, with a common thread in the development of training programmes. In noting that the programmes reflected the regional and world issues of major importance to the future development of the developing countries, and that technical co-operation among developing countries was a major aim and an instrument of the programme, the Deputy Administrator said that the global and intercountry programmes also offered scope for taking initiatives in such areas as strengthening the position of the developing countries in the world economy.

107. He informed the Council that the four regional programmes had been prepared in the light of opportunities for multilateral technical co-operation to assist and facilitate co-operation among developing countries in the solution of common problems, in the exchange of experience and skills and in the strengthening of economic ties. Each of the five-year programmes reflected important issues for intercountry technical co-operation by focusing on a selected number of priority areas. A conscious effort would be made to promote self-reliance and Governments would be encouraged to assume increasing responsibilities for the support of regional institutions. An internal UNDP Committee for intercountry programming that had recently been established would help to bring together the common threads of the different programmes and to harmonize the possibilities for joint action.

108. The Council's attention was drawn to the proposals contained in paragraph 49 of document DP/216 and paragraph 22 of document DP/215 to the effect that the Administrator should be authorized to incur limited expenditure for intercountry programme and project preparation and for preparatory work in a given field of global activities without advance recourse to the Governing Council on a case-by-case basis.

109. The Deputy Administrator informed the Council that the global and intercountry programmes had been the subject of discussion at the recent meetings of PWG and IACB. The interagency meetings had recognized that regional and interregional programmes lent themselves particularly to the technical co-operation activities of the smaller agencies, whose mandate was of an essentially intercountry character. Discussions were continuing with those agencies on how their specific proposals could best be accommodated within the priority areas of each of the programmes and within the context of the modalities for implementation described in the programme documents currently before the Council. One important subject currently under discussion, for example, was the future mechanism for providing intercountry advisory services. Furthermore, in view of the importance attached by IACB to global and intercountry programming, the Deputy Administrator said that that body wished the Council to be aware of its deep interest in an expansion of resources for such programmes.

110. Finally, the Deputy Administrator said that the aggregate demand from the developing countries for intercountry assistance exceeded substantially the resources available to UNDP. In such a situation, hard choices had to be made regarding the inclusion and exclusion of certain project proposals, and the priorities expressed in the intercountry programmes reflected an assessment of the best role UNDP could play in the light of its unique character.

111. The Director of the Division for Global and Interregional Projects emphasized the high degree of cohesion and rationale which characterized the global and interregional programme and stated that it was based in every respect on the expression of development needs by bodies within the United Nations system. The

Director acknowledged that the research activities being carried out were not likely to be completed in the very near future. He expressed the conviction, however, that those activities were bearing fruit and that, on the basis of results already evident, they gave promise of assuring a better life for the people in the developing countries. The Director also stressed, in view of the the limited resources available for development generally, the high cost/benefit potential inherent in global and interregional programmes.

112. The Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific gave a brief over-view of the first programming cycle and a forward look towards the second cycle. He expressed the view that the vicissitudes of 1976 should not be allowed to obscure the substantial achievements of the first country programme period during which all but about \$9 million of the \$379 million 1972-1976 IPFs would have been spent. Although the cycle started against a background of severe economic and political dislocation in the region, it had ended with the region at peace and set on an improved economic course. The favourable economic outlook was largely the result of sustained efforts by recipient Governments and donors alike, who were determined to tackle some of the fundamental problems of development in the region, especially in the agricultural sector. UNDP's programme demonstrated its remarkable flexibility to respond to the new development priorities that emerged subsequent to the 1973/74 food and energy crisis and which resulted in a marked trend towards food production and energy resource projects.

113. The Assistant Administrator noted that, against that relatively optimistic economic outlook, the prospect for UNDP activities in the region was not encouraging since the second cycle was starting at a programming level lower in real terms than in the previous two years. That was particularly disappointing in view of the recently published Leontief Study 5/ which identified a key and expanded role for technical assistance. If additional resources became available, commensurate with the new regional IPF, which had been increased from \$40.7 million to \$95.7 million, one of the major expansions planned in the second cycle would involve the intercountry programme for Asia and the Pacific. He pointed out that although the regional IPF for Asia and the Pacific had doubled, the 1977 expenditure ceiling of \$9.7 million was only slightly more than the very restrictive 1976 ceiling and only barely sufficient to permit the continuation of ongoing activities. During the course of the second cycle, special attention would be given to the regional programme as a vehicle for promoting technical co-operation among developing countries (TCDC) and to seeking new and less expensive methods of delivering the programme. The needs of subregional programmes such as those for the Association of Southeast Nations and for the South Pacific would also receive particular attention. The Assistant Administrator emphasized, however, that the realization of the intercountry programme's objectives would not be possible unless funds were made available to the extent of the approved IPF.

114. Introducing the regional programme for Africa, the Assistant Administrator and Director of the Regional Bureau for Africa stated that two important considerations had to be borne in mind: first, the number of beneficiaries of the programme and, consequently, the wide number of consultations required in order

5/ The Future of the World Economy, A Study on the Impact of Prospective Economic Issues and Policies on International Development Strategy (United Nations, New York, 1977).

to prepare the programme and to ensure that it met the expectations of the recipients; and, second, the priorities of the programme and the modalities of its implementation. The advantages provided by the programme reached the many member States of the region through a number of channels. About 40 African intergovernmental organizations and about 40 Governments of the region were consulted in connexion with the preparation of the regional programme and the results were carefully analysed. The Assistant Administrator recalled in particular the input made by the Economic Commission for Africa (ECA). He commented, too, on the close co-operation existing between the Regional Bureau for Africa and ECA in general.

115. Turning to the priorities of the programme and the modalities of its implementation, the Assistant Administrator indicated that for 1977-1981 priorities had been substantially modified as compared to the regional programme for 1972-1976. Paragraphs 22 and 23 of document DP/219 contained the criteria which had guided the choice of priority actions. The priority areas were: regional and subregional integration, which would receive about 35 per cent of planned services; food production and crop protection, about 21.5 per cent; human resources, about 21.5 per cent; science and technology, about 10 per cent; and development administration, 13 per cent. Great emphasis had been placed on the development of the river and lake basins in the region (Senegal, Gambia, Niger, Logone, Kagera, Lake Chad and the great lakes of East Africa). For those basins for which development activities were already under way, the countries concerned had created intergovernmental organizations which were supported by UNDP in order to enable them to set up detailed development programmes likely to be supported by other sources of aid, the Assistant Administrator explained. He pointed out that the development of river and lake basins was of considerable importance for the economic integration of the riparian countries and for the solution of such major problems as energy and agricultural development which were of paramount importance to the whole continent. Another major priority area of the programme concerned communicable diseases. A research programme for the control of the six main communicable diseases prevailing in the African region had been launched in June 1976 by WHO with the support of UNDP, and UNDP participated in the onchocerciasis control programme with the World Bank, WHO and FAO.

116. Since regional and subregional co-operation in Africa represented an extremely dynamic process, the Assistant Administrator stated that it had been judged more feasible not to programme the totality of the regional IPF at the beginning of the cycle to allow consideration of additional requests. The non-programmed reserve of about 25 per cent would be utilized after a mid-programme review. The inadequacy of resources was emphasized by the Assistant Administrator, who pointed out that very few new projects could begin to be implemented before 1979.

117. The Assistant Administrator stated that the regional programming exercise had been developed in co-operation with all UNDP's partners. He expressed the hope that, in view of the limited resources available to UNDP, other bilateral and multilateral financial sources would join UNDP in order to make the implementation of the programme possible. He indicated that the signs of interest received so far from some donors, especially in relation to river basin development, represented a definite encouragement. He expressed his appreciation and gratitude to those donors.

118. Introducing the regional programme for Europe, the Mediterranean and the Middle East, the Assistant Administrator and Director of the Regional Bureau

welcomed the achievement of peace in Lebanon and the formation of the new Government. He paid a tribute to the UNDP staff in the country, who had continued to perform their duties without interruption throughout the hostilities. He informed the Council that the Secretary-General had appointed as his Special Representative in Lebanon one of the most experienced UNDP officials who, in order to facilitate co-ordination in the United Nations system, would also undertake the responsibilities of UNDP Resident Representative. Several agencies in the United Nations system had already fielded missions to Lebanon to assess the most urgent requirements, and large-scale resumption of United Nations activities would resume, it was hoped, in the very near future.

119. The Assistant Administrator expressed the Administrator's gratitude to six countries in the region which had voluntarily relinquished their IPFs, i.e. Hungary, Iceland, Israel, Kuwait, Qatar and Spain, thereby increasing the UNDP resources available to more needy countries.

120. The regional programme reflected a concentration of efforts in three major areas which had been selected in the light of both global priorities formulated in various United Nations forums and the particular requirements of the region. Considerable consultations had taken place with agencies within the United Nations system as well as several intergovernmental organizations outside the system, including the League of Arab States, the Arab Fund for Economic and Social Development and the Council for Arab Economic Unity. In addition, a group of high level consultants from the Arab region influenced considerably the final formulation of the programme and helped to identify from among the global priorities those more relevant to the region.

121. The major areas of concentration of the regional programme were food production; increase in the satisfaction of peoples' basic needs, such as nutrition, housing, health care and other basic services; and strengthening of development finance institutions existing at the regional level. The Assistant Administrator referred to a large project with the Arab Fund for Economic and Social Development aimed at the identification and co-ordination of intercountry feasibility studies and investment projects, at strengthening government self-reliance, and making maximum use of already existing institutions. He added that the regional programme would in general assist in improving and strengthening existing institutions by establishing links with similar institutions in the region rather than help to create new institutions. Whenever suitable, project execution would be entrusted to existing institutions after the necessary upgrading and strengthening. However, the participation of the agencies in the United Nations system would also be promoted to the fullest extent. In that regard, special attention would be paid to the smaller agencies whose mandate was essentially intercountry by nature, for example in the field of telecommunication.

122. The Assistant Administrator stated that special attention would also be paid to the role of women in development, since they could play an important role in development activities in many countries in the region. The main objective in that area would be to introduce the potential involvement of the female population as a major yardstick in appraising any project proposal in all substantive areas.

123. Within the European subregion, emphasis would be given to activities related to the European Co-operative Programme. It was hoped that in many cases small allocations from the regional programme would be supplemented by the countries concerned from their IPFs. The North-South Motorway and Balkan Power Grid were mentioned as meaningful examples of such co-operation.

124. Finally, the Assistant Administrator remarked that not all activities included in the regional programme could be implemented with the total regional IPF of \$44.3 million available. He expressed the hope that countries in the region would supplement the limited resources through cost-sharing and other means.

125. Introducing the regional programme for Latin America, the Assistant Administrator and Director of the Regional Bureau observed that in the last 10 years the Latin American region had progressed rapidly in its development both qualitatively and quantitatively. The region was now entering a new phase characterized by old problems and new challenges. The technical co-operation of the United Nations system had served as a catalyst in the past by providing financial and human support for national and regional development efforts, especially in the spheres of agriculture, forestry, fisheries, new food technologies, discovery and exploitation of minerals, telecommunications, transport and public administration, educational and health services.

126. In spite of the successes achieved, the Assistant Administrator said, persistent structural problems in the economies of the region, determined partially by the structure of the world economy, had helped to maintain an unequal distribution of income and welfare for the population. The polarization of wealth was increasing within the region and within countries. Another negative aspect of the economy of the region was its dependence and vulnerability not only because of the economic importance of its mineral exports and agricultural commodity exports, but also because of the high level of the imported technology needed to sustain its industrial development. Recent studies had shown that the growth of the gross product in the region had been accompanied by a more than proportional increase in imports. With exports falling in value and the external debt growing, it was very difficult for the region to continue financing its industrial development. As a result, the region was going through a very difficult time. Development was being impeded not only by internal and external obstacles, but by an international economic order whose values and priorities did not provide the proper models for the true development of Latin America.

127. The Assistant Administrator expressed the conviction that changes would have to take place in the international economic order if Latin America, like other regions, was truly to solve its structural economic and social development problems. While steps were being taken to create a new international economic order, UNDP could help to mobilize and stimulate the human potential of the region so that, with the experience and scientific knowledge provided by the countries of the north, it could form a creative ensemble of new alternatives and approaches to the problems of the region. Latin America could make an enormous contribution to the other developing regions, since new experiments and new patterns of development which were more readily applicable to developing countries of the world were flourishing there. The reduced resources available to the region would hinder such experiments and possibly curtail the extent of the contribution that the region could make to all developing countries.

128. The Assistant Administrator suggested that it was possible to think in terms of new modalities and combinations of development that maintained the increasing north-south technical co-operation and at the same time supplemented it with further lateral co-operation among the developing countries of the region and the world. Developing countries had gained unique experience in meeting the challenges of education, technical training, health, community and state organization and in producing and marketing primary products and minerals. The transfer of such

experience should be encouraged by the United Nations system and UNDP in particular to make such expertise available on a broader and more comprehensive scale. The regional meetings that had been held on technical co-operation among developing countries (TCDC) and the Conference planned for 1978 attested to that great potential. The Regional Bureau for Latin America, the Economic Commission for Latin America, UNDP resident representatives, the agencies in the United Nations system and various regional organizations were already fully active in supporting TCDC efforts. Progress had been made in the identification of training and research centres, enterprises and other institutions which met the conditions for co-operation, and machinery was being evolved to determine the supply of and demand for co-operation, specifying the characteristics of the focal points in each Government. Another governmental meeting was planned in 1977 to organize a Latin American system of TCDC that would make it possible to increase UNDP programmes, making particular use of regional projects, the larger UNDP-supported national training and research centres and other inter-American institutions and the offices of the resident representatives.

129. The Council was informed that UNDP action in Latin America gave priority to the support of the integration processes of the region, which were the pillars of the development strategy. That effort included other measures to strengthen the negotiating capacity of the countries of the region with regard to the prices of their primary commodities, the joint marketing of those commodities, the mobilization of financial resources and the creation of multinational enterprises, transportation and technology, through the promotion of links between Governments, enterprises, institutions and integration groups. In that new dimension of regional co-operation, the Latin American Economic System would play a particularly important role. Other priority areas included the eradication of poverty in the rural areas, where 40 per cent of the population lived; increased food production to feed them; improvement of food storage capacity; the development of new arable land and the improvement of agricultural marketing. The Assistant Administrator stated that new technological enterprises must be fashioned to create and market the technologies to meet the region's social and economic problems and even further impetus must be given to developing new sources of energy such as geothermal energy. Finally, planning the best way to use the human resources of the region had to be of the highest priority. The Assistant Administrator assured the Council that UNDP would continue to work with the region's many planning institutes such as the Latin American Institute for Economic and Social Planning, the Centro Latino-Americano de Ciencia Sociales, Joint Studies on Latin American Economic Integration, and agencies in the United Nations system to provide the scientific and technological specializations called for to realize the potential of the region's human resources.

Summary of discussion

130. General appreciation was expressed by members for the documentation submitted in connexion with the regional, interregional and global programmes, which, they felt, adequately reflected the link between international priorities and the proposed UNDP-supported activities. Several members, however, stated that too little financial information was provided in the regional programme documents and urged that at the very least some indication should be given as to the proportion of resources which were to be committed to the various sectors.

131. With respect to the global and interregional programmes, most members approved of the sectoral balance and endorsed the continued emphasis on food production and agricultural research. Several members, though appreciative of the essential importance of that area, suggested that global activities might well be extended into such fields as trade, industry, alternative energy sources as well as in the social sector. Other members expressed the view that within the framework of the global and interregional programmes, more attention should be directed towards the least developed countries and towards enhancing the status of women. One member, however, stated that in the current period of limited resources it would be preferable to complete existing research activities than to start in new areas in view of the greater benefits to cost ratio which could be realized. Several members also voiced the opinion that fewer but larger projects would, in the long term, have a greater impact on the development process.

132. There was general agreement among members that one of the major objectives of the global programme should be to convert its results as quickly as possible into concrete measures of direct benefit to the developing countries. In that connexion, one member suggested that an additional criterion to be applied for the selection of global projects to be supported might well be that the activity should be directly beneficial to the developing countries from the outset. He expressed the view that if that criterion had been applied, the Southern Oceans Fisheries Survey project would never have been formulated since it appeared that the primary beneficiaries would turn out to be several of the industrialized countries.

133. There was also general agreement expressed with regard to the desirability of agency participation in the development of global and interregional projects at every stage. One member, though, emphasized that regardless of the extent of agency involvement, the primary responsibility for the formulation and implementation of global and interregional programmes lay with UNDP. Many members also stressed the importance of establishing linkages with regional programmes. They considered that, to the extent possible, global and interregional programmes should be compatible with national priorities. One member suggested that the Administrator should include in his annual report to the June session his ideas on ways and means of carrying out in-depth reviews of certain aspects of the programme, preferably of a multidisciplinary nature, with a view to acquiring a deeper appreciation of the impact of the programme. Many members viewed the global programme as an effective mechanism for re-establishing UNDP in its role as the central co-ordinating body within the United Nations development system.

134. Most members shared the view that additional resources, when available, should be devoted to global and interregional activities, since those programmes were most representative of international problems and concerns. Several members stated that a situation of limited resources was even more conducive to concentrating on global and interregional programmes. With respect to the establishment of international research centres, however, UNDP was urged to ensure that other sources of financing would be available so that respective centres' operations could continue under the sponsorship of other organizations.

135. Many members regarded the global and interregional programmes as an eminently suitable mechanism for helping to bridge the gap between the research and development activities being carried out by the industrialized countries and those being conducted by the developing countries. Some members also viewed those programmes as an area where TCDC could realize its full potential. In that connexion, some members urged that maximum use be made of technicians and experts from developing countries.

136. Members were virtually unanimous in their expressions of support for the proposed assistance to the International Centre of Insect Physiology and Ecology, as well as for the proposal to allow certain limited expenditures for global and interregional projects without prior approval by the Council.

137. Regarding the regional programmes for Africa, Asia and the Pacific, Europe, the Mediterranean and the Middle East, and Latin America, many members expressed the view that it was essential to ensure that these programmes accurately reflected the real needs of the respective regions. The establishment of a system of consultations within each region was called for. The view that those programmes should be compatible with national programmes in the region also received general support.

138. There was general agreement among members of the Council that the agencies in the United Nations system and the regional commissions should participate in the formulation and implementation of regional programmes. Several members suggested, too, that the Governments concerned should take an active role in the development and execution of regional activities. The need for harmonization of inputs at the regional level was stressed by many members. One member, however, stated that in his view regional programmes often involved the participation of too many agencies and organizations. He cautioned the Council against that as well as against excessive expenditures. Many members also warned the Council against the lack of adequate alternative sources of financial support for regional institutes, which often meant that UNDP became locked into supporting those institutes for an indefinite period or risked seeing them cease their operations.

139. Several members urged that regional programmes and projects be distributed throughout a region on a more equitable geographic basis. Many members also suggested that regional programmes should avail themselves of the TCDC concept as far as possible. Aid to the least developed countries was proposed as a primary objective of regional programmes by several other members.

140. In connexion with related administrative procedures, members welcomed the establishment of the standing inter-Bureau committee on intercountry planning as well as the proposed annual and mid-term review procedures.

141. Regarding the regional programme for Africa, one member questioned whether UNDP intended to continue to support the African Institute for Economic Development and Planning in Dakar. Another member requested clarification on the ecological aspects of extended river and lake basin development. The seeming paucity of firm links between the regional programme and the various individual country programmes was regarded by one member as a shortcoming of the African regional programme.

142. With respect to the regional programme for Europe, the Mediterranean and the Middle East, several members expressed appreciation for the attempt to limit priorities to a manageable few. One member, referring to the diversity within the region, called for the creation of a separate Arab Bureau, or, failing that, the establishment of subregional IPFs to ensure that the regional programme would satisfactorily meet the needs of the several economically, socially, and culturally disparate subregions. He thanked the Administrator for the extensive consultations he had been conducting on the matter of establishing a separate Bureau for the Arab League countries and invited the Administrator to submit a report at the next session of the Governing Council on the outcome of his

consultations. Another member argued that subregional IPFs would diminish the over-all impact of the regional programme. A proper balance had been struck between regional and subregional activities in the view of another member, who commended the regional programme for taking into account the special needs and problems of the Mediterranean and stated that any proposals concerning modifications in the Bureau for Europe, the Mediterranean and the Middle East should take full account of the views of all Governments concerned. Several members expressed the opinion that UNDP should contribute significantly to the trans-European north-south motorway project from the regional IPF, in view of the importance it had for the whole region.

143. Regarding the regional programme for Latin America, several members stated that insufficient attention had been given to social development programmes. One member inquired why no mention had been made in the programme document of the Latin American Free Trade Association (LAFTA) and urged that support for that organization be considered. General agreement was expressed by members that the primary objective of the programme should be increased co-operation among the countries of the region.

144. At the invitation of the President, the representative of the European Economic Community (EEC) addressed the Council. Referring to the Lomé Convention, 6/ the representative stated that 10 per cent of the funds made available through that agreement were aimed at promoting regional and interregional co-operation. Reviewing briefly some of the activities undertaken by EEC, the representative emphasized the importance with which his organization regarded co-ordination with UNDP in carrying out EEC-supported regional and interregional programmes. Co-operation between the two organizations was essential if wasteful duplication of effort was to be avoided.

145. Similarly, the representative of the Inter-American Development Bank (IADB) stressed the necessity of interorganizational co-operation in Latin America. He informed the Council that IADB committed \$30 million annually for national and regional development projects and provided another \$30 million in loans on concessional terms. Thus, IADB and UNDP were two of the largest multinational financing institutions in the region and a co-ordinated, mutually supportive effort was essential.

146. The representative of the ILO welcomed the broadening of horizons of the global programme. He underscored the view that limited financial resources dictated a high degree of cohesiveness between global, interregional and regional programmes. The ILO looked forward to participating in the implementation of policies and procedures for intercountry programming.

147. With respect to the country programmes submitted to the Council for approval, one member emphasized that the forthcoming programmes should contain a deeper analysis of lessons gained from the past cycle. He expressed particular interest, too, in information on the effectiveness and use of instruments now being developed by UNDP and the agencies for an integrated approach to rural development. In addition, he requested the Administrator to ensure that those country programmes would include information relating to UNDP assistance to the following: national

6/ See A/AC.176/7.

development plans; eradication of poverty; improvement of the status of women; and activities in the global interregional and technical programmes. He said that he also looked forward to receiving information on the extent to which TCDC would be used for implementation and on the essential data available for the programming exercise.

148. The representative of UNCTAD stressed the importance which his organization attached to global, interregional and regional programmes. Referring to the period when UNCTAD began to expand its operational activities, he said that elements of the new dimensions in technical co-operation had been incorporated in UNCTAD's multinational programmes. He also emphasized the benefits that accrued from establishing co-ordination machinery for regional and interregional programmes, as evidenced by UNCTAD's experience in executing a major programme during the multilateral trade negotiations.

149. The representative of the Organization of African Unity (OAU) reaffirmed his organization's support for regional activities and described how its secretariat had been strengthened in the area of economic and social development. He urged closer OAU/UNDP co-operation, particularly in the field of science and technology.

150. Speaking at the invitation of the President, the representative of the African National Congress (ANC) of South Africa expressed his appreciation for UNDP's support in his organization's struggle in favour of the black majority in South Africa. He was particularly pleased with UNDP's help in channelling ANC's diverse projects to the appropriate agencies in the United Nations system. Describing the current situation in South Africa, the representative stated that ANC was requesting humanitarian assistance from UNDP and that several clearly defined projects at various stages of implementation had already been submitted to the Regional Bureau for Africa for consideration. Those projects, the representative explained, were mainly intended to alleviate the suffering of the people, to train South African refugees and to promote self-reliance.

151. The representative of the Front for the Liberation of the Somali Coast (FLSC) also addressed the Council and expressed his gratitude for the material and moral support UNDP had provided to his organization and to the people of his country. He said that FLSC was submitting another project for approval. Because the educational level of his people was very low, UNDP assistance was needed for the organization of a three-month seminar to train approximately 50 potential civil servants in the technical, administrative and managerial skills which would be required in the future independent State. Assistance had been offered by neighbouring States, and support from UNDP was required to pay the salary of an international expert who was to organize the seminar, and to pay the salaries of national lecturers. FLSC itself would bear most of the local costs. He expressed the hope that the project would be approved immediately.

152. The representative of the United Nations Council for Namibia was also invited to address the Council. Referring to the financial aid UNDP had provided to the Institute for Namibia and to the establishment by UNDP of an IPF for Namibia, the representative looked forward to a continuing close relationship with the Programme. He reminded members of General Assembly resolution 31/153 by which the Assembly had decided to launch a comprehensive assistance programme within the United Nations system in support of nationhood for Namibia. The Council for Namibia was mandated to co-ordinate aid for Namibia and he assured members that, though the task of achieving nationhood would not be easy, that Council stood ready to take the bold initiatives available to it through the co-operative assistance in all member organizations in the United Nations development system.

153. Following the adoption of the decision approving the 15 country programmes for the 1977-1981 cycle and the global project (see para. 175 below), several members and observers from countries whose individual programmes had been among those approved expressed their appreciation for the Council's action. One member, referring to the increase in the IPF for his country, emphasized the importance of that additional assistance to his nation, which was among the least developed of the developing countries. He paid a special tribute to the Administrator for his role in achieving a more equitable IPF distribution. Another member stressed the importance which his Government attached to the programme on research and training in tropical diseases.

154. With respect to the country programme for Chile, several members stated that they strongly deplored that the urgent and repeated appeals of the General Assembly and other United Nations bodies to the Chilean authorities to re-establish social justice and respect for basic human rights had so far remained unheeded, and that the country programme for Chile therefore did not enjoy the support of those delegations. Other members associated themselves with that position. One member, however, underscored the principle that in providing multilateral assistance the sovereignty of recipient countries should be strictly respected. Thus, he expressed support for all 15 country programmes.

Observations of the Administration

155. Responding to the comments of members, the Deputy Administrator first expressed his appreciation for the number of valuable suggestions that had been made during the discussion. He observed that there seemed to have been a general understanding that the global and interregional programmes were well-oriented in that they fairly reflected global concerns and, also, were capable of being linked with national programmes. As such, they had a double multiplier effect with respect to their catalytic impact on regional and country programmes.

156. The Deputy Administrator welcomed the support expressed by several members for an increase in the resources available to global and interregional programmes in view of the importance of those activities and observed that UNDP generally sought to obtain joint financing for those efforts. He referred to the Administration's request to increase the share of resources for global and interregional programmes from 1 per cent to 2 per cent as an indication of the Programme's view of their increasing importance.

157. In connexion with the many statements made regarding the priority areas for global and interregional activities, the Deputy Administrator agreed that, though the emphasis on food production had been well placed, UNDP might justifiably consider concentrating in future on such other areas as trade, alternative energy sources and the like. The views of Council members would be taken fully into account in that respect. Commenting on the observation of several members that the Council was being asked to approve global projects without a suitable review and appraisal procedure, the Deputy Administrator stated that such a mechanism would, of necessity, be complicated and difficult to establish. He suggested, instead, that in its annual reports the Administration should include relevant information on both ongoing and contemplated global activities.

158. The Deputy Administrator referred to the number of global research institutes UNDP had helped to establish and, as was the case with regional projects - the

responsibility for which was gradually assumed by Governments - suggested that some thought be given to how the responsibility for continued support of global activities could be transferred to other bodies. To finance such programmes indefinitely would, in his view, jeopardize UNDP's catalytic role by restricting it to supporting activities in a limited number of areas.

159. Commenting on the suggestion of one member that study tours of certain Central Asian republics be undertaken as regional projects, in order to observe how economic and social progress was achieved under conditions not too dissimilar from those currently prevailing in many developing countries, the Deputy Administrator agreed that such tours could be fruitful but that they should be financed from individual country IPFs. He affirmed that regional IPFs should be used only for activities having specific regional relevance. The question was raised where to draw the line between the ideas of Governments and the perceptions of agencies or organizations with regard to the actual needs of respective regions. The Deputy Administrator agreed that no hard and fast rules be laid down but that a balance be struck to allow the perceptions of agencies to be translated into ways of meeting the perceived needs of countries.

160. The Deputy Administrator observed that while subregional co-operation was welcome it should in no way endanger regional co-operation. Much, however, depended on particular circumstances. Thus, although UNDP had resisted requests for subregional allocation of regional IPFs, certain subregions such as the Middle East could be assured that they would receive a fair share of the total IPF for the region of which they were a part.

161. In response to several members who suggested that more detailed financial information might have been included in the regional programme documents, the Deputy Administrator explained that since the regional IPF was not "projectized" such information might be misleading. While an indication could and should be given of how the resources were to be expended in sectoral terms, as a general principle the programme documents should remain open-ended.

162. With regard to a point raised by one member as to whether UNDP, as a matter of principle, should necessarily identify the specific areas of a project which it would finance, the Deputy Administrator stated that the Programme could finance a proportion of the cost of the entire project regardless of defining its specific contribution if UNDP were associated with all aspects of the activity and thus in a position to monitor the progress of the project as a whole. There was no general principle in effect in such matters, he said, although in a particular case it might be desirable to specify the contribution to UNDP, e.g. to enhance the linkage effects of its contribution.

163. The Deputy Administrator expressed his satisfaction with the Council's general endorsement of the proposal for expenditure of \$25,000 for global projects and 0.1 per cent of regional IPFs for regional projects without prior Governing Council approval. He assured members that those expenditures would be made within the guidelines for global and regional projects. With further regard to those expenditures, moreover, and their effect on subsequent approval of projects, the Deputy Administrator fully agreed that prior consultation with the Council was desirable but that he hoped that it could be on an informal basis since a formal procedure would result in unnecessary delay.

164. The Director of the Division for Global and Interregional Projects, commenting on how UNDP monitored and evaluated global projects, stated that an advisory

committee comprised of high calibre scientists was an integral part of each project. The committee met yearly to conduct a critical review of the activities of global and interregional projects. In addition, under the auspices of the Consultative Group on International Agricultural Research (CGIAR), there was a quinquennial review of the activities of research institutes. A similar procedure was followed for institutes not related to the Consultative Group.

165. With regard to the Southern Oceans Survey and Development Programme, the Director pointed out that the activities differed from those of other fishery projects in that the research being conducted was of a very preliminary nature, amounting to little more than a "desk survey" to determine whether or not it was feasible to continue. Any activities that might emerge as a result of the initial survey would also be very preliminary. He assured members that no large-scale activities would be mounted without prior consultation with the Governments concerned and with the Council and unless both UNDP and FAO were convinced that such activities were directly beneficial to the developing countries.

166. The Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific stated that he had taken note of the points raised by members regarding the programme for the region and that they would be taken fully into account.

167. The Assistant Administrator and Director of the Regional Bureau for Africa, replying to a query regarding the Institute for Economic Development and Planning in Dakar, stated that though he was not entirely satisfied with its operations, the Institute was an important one and, following a joint evaluation mission conducted in 1976 by the United Nations, ECA and UNDP, UNDP had decided to continue to support the Institute to the extent of \$800,000 per annum. The joint mission had also established operational and management criteria which were being taken into account by the Institute's Governing Council.

168. In connexion with a point raised concerning the ecological aspects of river and lake basin development in the African region, the Assistant Administrator said that since the United Nations Conference on the Human Environment, held at Stockholm in 1972, those aspects were given full consideration before project activities were undertaken and that an agreement concluded with the United Nations Environment Programme two years earlier provided for the co-operative assistance of that organization in the implementation of river basin development projects. Referring specifically to the onchocerciasis programme, the Assistant Administrator informed the Council that a committee of eminent persons had been established and that arrangements were being made to put into effect the committee's recommendations.

169. The Assistant Administrator and Director of the Regional Bureau for Europe, the Mediterranean and the Middle East referred first to the suggestion that study tours of certain Central Asian republics be conducted as part of a regional project. He informed the Council that informal talks between the ILO and UNDP on the matter had already taken place and that a project might be submitted as a result. He agreed with the Deputy Administrator, however, that such a project could best be financed from individual country IPFs.

170. Regarding the presentation of the regional programme, the Assistant Administrator acknowledged that the documentation did not indicate how the financial resources were to be distributed among the three priority areas; that was so because the bulk of activities were to be multidisciplinary and it had been hoped

to avoid commitments to particular sectors. The programme also anticipated a large degree of cost sharing. He emphasized, however, that basic needs would receive the fullest attention and such projects as water-drilling, building materials research and studies of non-conventional energy sources were envisaged. The Assistant Administrator expressed his appreciation for the enthusiasm shown in the Eastern European subregion for the north-south motorway, but pointed out that since it was part of the co-operative programme for Europe, much of the financing would come from country IPFs rather than the regional IPF.

171. The Assistant Administrator concluded his observations by noting the importance several members attached to water resources development in the region as well as the urgency with which other members regarded the problem of pollution as it affected the Mediterranean. He informed the Council that UNDP was already working closely on those matters with other organizations in the United Nations system.

172. Expressing his appreciation for the useful comments that had been made during the discussion of the regional programme for Latin America, the Assistant Administrator and Director of the Regional Bureau for Latin America underlined the need for flexibility so that the programme's priorities could be changed to adapt to the changing realities in the region. He referred to the report of the Joint Inspection Unit on United Nations technical co-operation in Latin America and noted that, though the report supported an integrated programme, it was critical of the almost total emphasis on economic aspects to the extent of a near total exclusion of social integration. The Assistant Administrator voiced UNDP's concern at that situation and informed the Council that UNDP had recently begun working with the Inter-American Development Bank in an effort to analyse the social consequences of the integrated programmes, particularly as they affected employment in the Caribbean and in the countries associated with the Cartagena Agreement.

173. With regard to the omission in the programme document of any reference to consultations with LAFTA, the Assistant Administrator explained that that was inadvertent since he had personally consulted with LAFTA officials. The omission was due to the fact that UNDP had not as yet received any concrete proposals from that body which would enable it to take specific action.

Decisions of the Governing Council

174. At its 558th meeting, on 27 January 1977, the Governing Council adopted the following decision:

The Governing Council,

Having considered the global and interregional programme (DP/216), the regional programme for Asia and the Pacific (DP/217), the regional programme for Europe, the Mediterranean and the Middle East (DP/218), the regional programme for Africa (DP/219) and the regional programme for Latin America (DP/225) presented by the Administrator for the second cycle (1977-1981),

(a) Took note with appreciation of the programmes presented to the Council and requested the Administrator to take into account in their implementation the views expressed during their consideration; and

(b) Authorized the Administrator to incur expenditure for global programmes up to \$25,000 on preparatory work in a given field without recourse to the Council on a case-by-case basis, and to incur expenditure annually for the interregional and regional programmes up to 0.1 per cent of the intercountry IPF for programme preparation and review, the funds to be programmed outside of the present procedures for government endorsement.

175. At its 560th meeting, on 28 January 1977, the Governing Council:

(a) Approved the proposed UNDP country programmes for Burundi, Chile, Colombia, Democratic Yemen, the Dominican Republic, Guyana, Haiti, Honduras, Jamaica, Lesotho, the Libyan Arab Republic, Madagascar, Peru, the Philippines and Romania for the duration of their respective programme periods and within the limits of their IPFs for 1977-1981, taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 IPFs;

(b) Authorized the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective country programmes, while ensuring, in accordance with the decision of the Governing Council at its eighteenth session, 7/ that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time; and

(c) Approved the global project for assistance to the International Centre of Insect Physiology and Ecology (ICIPE) (Phase II) (GLO/76/004) and authorized the Administrator to make the appropriate arrangements with ICIPE for the execution of this project.

7/ See Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 2A, para. 31.

VI. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

176. The following questions before the Governing Council at its twenty-third session were referred for preliminary consideration to the Budgetary and Finance Committee, which reported thereon to the Council:

- (a) Financial situation and related matters;
- (b) Budget estimates for 1977;
- (c) General outline of the budget estimates for 1978;
- (d) Recruitment and use and prospects of reducing the costs of UNDP-financed experts;
- (e) Audit reports;
- (f) Custodianship of UNDP funds;
- (g) Inter-Agency Procurement Services;
- (h) UNDP Financial Regulations and Rules.

177. In addition, the Budgetary and Finance Committee considered and reported to the Council under item 11 (e) and (f) on UNFPA budget transfers (see paras. 366, 367 and 372 below) and audit report (see paras. 368-370 and 372 below).

A. FINANCIAL SITUATION AND RELATED MATTERS

178. For its preliminary consideration of agenda item 4, the Budgetary and Finance Committee had before it documents DP/214 and DP/238, covering the financial situation of UNDP as at 30 September and 31 December 1976 and other related matters. The discussion in the Committee was intended to enable delegations to raise any questions they had and seek clarification of any points in preparation for the plenary discussion in the Governing Council (see paras. 12-58 above).

179. Introducing the item in the Committee, the Administrator reviewed the overall financial performance of UNDP in 1976, highlighting the financial difficulties which faced the Programme during the year. He drew attention to the generous response of a number of Governments, agencies in the United Nations system and other organizations that assisted UNDP to meet a large part of the \$40 million deficit which had been envisaged for the end of 1976 and explained the financial developments which had contributed to the improved liquidity position as at 31 December 1976. The Administrator also covered the financial outlook for the Programme in 1977, which, he stated, was not as encouraging as he would like. He assured the Committee, however, that his efforts to secure additional resources would continue in 1977 and he hoped that the generosity shown by a number of Governments in 1976 would be repeated in 1977. The Administrator noted that the outcome of the 1977 Pledging Conference had not produced the pledges expected since

some Governments had not responded to the Council's decision calling for increased voluntary contributions to replace the former assessed programme costs. Failure to provide additional voluntary contributions would have a negative effect on the over-all resources for the entire second IPF cycle, 1977-1981.

180. The Administrator reiterated his appreciation for the decision taken by the General Assembly, whereby it authorized the Governing Council to grant him borrowing authority, if needed, until the end of 1977. He assured the Committee that borrowing authority would be requested only if absolutely necessary.

181. The Administrator recalled the efforts that had been made to increase the utilization of accumulated non-convertible currencies and pointed out that, with the support of the Executing Agencies, he was optimistic that significant progress would be made in using more accumulated non-convertible currencies.

182. The attention of the Committee was drawn to the request for an expansion of the authority granted under UNDP Financial Regulation 3.4 so as to allow the acceptance of special purpose contributions under UNDP trust fund arrangements, as stated in document DP/238, paragraphs 25 to 27, and to enable the Administrator to issue comprehensive guidelines covering non-IPF contributions.

183. The Administrator informed the Committee of his determination to maintain a stabilized UNDP programme support administrative budget in 1977 and 1978; to reshape the headquarters organizational structure, to continue his efforts towards further decentralization, and to improve the UNDP financial and management control system. Finally, while referring to the lack of progress in the transfer of custodianship of UNDP funds, the Administrator noted that the Advisory Committee on Administrative and Budgetary Questions would submit its views on the matter to the Governing Council at its twenty-fourth session.

184. Following the statement by the Administrator, the new Assistant Administrator, Bureau of Administration, made a brief statement regarding his observation, so far, on the activities and management of UNDP as a whole, which he felt had been moving in the right direction. He noted that he had been associated with UNDP since its predecessor programme and was convinced of the significant UNDP role in the field of rendering technical assistance to developing countries. The Assistant Administrator referred to the improved financial situation of UNDP and urged the Committee to redirect their attention from financial matters to more substantive issues. He concluded his remarks by requesting the Committee to recommend to the plenary that the IPF for the Socialist Republic of Viet Nam be established at \$44 million and that the Seychelles IPF be increased from \$950,000 to \$1.6 million.

Summary of discussion in the Committee

Financial situation for 1976

185. A number of members commended the Administrator for his successful efforts in halting the deteriorating liquidity situation which had confronted UNDP in 1975 and 1976. It was noted that the Committee should be able to devote more time to substantive issues in the future and to broader policy aspects of the Programme rather than confining itself solely to financial issues. In that connexion, some

members felt that the Council's work would be enhanced by having more up-to-date expenditure data available for its meetings. Definitive expenditure figures for the year 1976 would have enabled the Council to take action with regard to the level of resources for 1977.

186. Several members asked questions relating to document DP/238 and the Administrator's opening statement. A number of members questioned the precise level and composition of usable liquid resources estimated as available at the end of 1976 and expressed concern at the shortfall in 1976 programme expenditures, that it was currently estimated at approximately \$10 million, but the exact amount of which would be known only after the closing of the accounts. One member wanted to know to what extent the improved liquidity position had come about at the expense of the Programme and how the under-expenditure was related to the utilization of the Special Measures Fund for Least Developed Countries and to cost-sharing arrangements. In that connexion, another member pointed to a previous decision by the Council at its twenty-first session in which the programme level of \$370 million for 1976 had been characterized as the minimum level. A number of members expressed support for the installation of an integrated financial information system as referred to by the Administrator in his opening statement. The integrated financial information and control system should improve the quality, quantity and rapidity with which information could be made available for improved management purposes and for meetings of the Governing Council.

Practical arrangements in support of 1976 projects

187. A number of members expressed appreciation for the positive response of several Governments in providing additional financial assistance for specific projects in order to avoid drastic curtailment in the level of their technical assistance programmes in 1976. One member requested clarification concerning the reference in document DP/238 regarding the arrangement with the Lake Chad Basin Commission. Another member explained his Government's efforts to assist UNDP financially with a practical arrangement offered in support of projects in his country during 1976; UNDP had been unable to utilize the funds offered by his Government. Yet another member wondered whether that kind of multi-bilateral arrangement should be regarded as a temporary supplement in an acute crisis situation or was likely to develop into a permanent feature.

Operational Reserve

188. In their comments and observations, several members expressed support for the Administrator's suggested schedule and the amount of each instalment for restoring the Operational Reserve in order to achieve full restoration of the Reserve to \$150 million by the end of 1980 as decided by the Council.

Programme Reserve

189. The Administrator's proposal to close the Programme Reserve account as at the end of 1976 and to transfer any unliquidated obligations to the next cycle while opening a new account for the period 1977-1981 met with general support in the Committee. One member, however, commented on the projected over-expenditure of the approved level of the Programme Reserve at the end of 1976 as indicated in document DP/238. It was that member's view that levels approved by the Council to control expenditures should not be exceeded.

Utilization of accumulated non-convertible currencies

190. In discussing the question, the majority of members encouraged the Administrator to continue in his efforts aimed at increasing the expenditures of those currencies. However, it did not appear to some members that those efforts would result in any significant reduction in the current holdings of accumulated currencies. One member proposed that the total holdings of accumulated non-convertible currencies should be removed from UNDP assets since they did not represent usable cash. Two members suggested that a moratorium be placed on accepting additional non-convertible currencies until the current accumulation was reduced. They noted that it was unfair to other Governments to allow a Government to be accredited with donor status to UNDP when its currency could not be readily used for the benefit of the Programme as a whole. Several members felt that as a result of the inability to use those currencies, the developing countries were not receiving the full benefits to which they were entitled.

191. Several members, however, felt that the Administrator's efforts, with the co-operation of agencies, would have a significant impact in reducing the holdings of accumulated non-convertible currencies. Those members referred to the ACC policy decision whereby a voluntary concept for paying experts a portion of their salary in their home country non-convertible currencies was adopted. Although they might have preferred a mandatory concept, they felt that the decision by ACC was a step in the right direction and might be given a fair trial. While a number of members felt that the Administrator should be commended for his efforts to increase the utilization of accumulated non-convertible currencies, they nevertheless felt that those initiatives would set an unsatisfactory precedent. They further felt that no special privilege should be given to increase the utilization of any particular currency.

192. Some members expressed the view that there were no objective difficulties in utilizing non-convertible currencies, only subjective difficulties that had been artificially created. In their view, the effectiveness of UNDP depended on how effectively the Programme made use of all resources placed at its disposal. As far as one of those currencies was concerned, a member stated that actual spending in 1976 was higher than mentioned in document DP/238 since full information on expenditures would be available only later in the year. In 1977 organizations in his country would be in a position to utilize additional amounts of that currency. He further felt that the accumulation of the non-convertible currency would be drastically decreased in the future. Thus, the problem of utilization of his country's non-convertible currency, like other similar currencies, should not be over-dramatized.

Cost-sharing arrangements

193. Several members noted the increase in the level of cost-sharing arrangements. One member requested assurance that such arrangements did not result in a drain on UNDP resources. It was further suggested that the Council should keep the subject of cost sharing under review and should receive adequate information on the subject.

194. Some members expressed their support for such arrangements. Others stated that they needed to be carefully scrutinized by the Council.

Resources and programme costs for the year 1977 and related matters

195. A number of members expressed concern over the limited resources available for the Programme in 1977, which they noted were less than the level available for 1976. They also pointed out that there was a clear indication that the programme resources were progressively decreasing in total volume and even more in purchasing power. In connexion with that point, several members urged all Governments to make every effort to increase their contribution for 1977 in order to maintain the 14 per cent increase adopted for planning purposes at previous sessions of the Council. It was recognized and generally agreed that in the foreseeable future UNDP would have to continue with the practice of establishing annual expenditure ceilings in order to ensure that the Programme would operate within available resources.

196. Many members expressed serious concern over the continuing increase in administrative and overhead costs and urged the Administrator as well as the Executing Agencies to make every effort to reduce those costs. The growth in the level of third country cost sharing contributions was also a matter of concern to some members. Several members noted the reduction in the number of posts for Senior Agriculture Advisers and wanted to know to what extent that development would hamper the effectiveness of the Programme.

197. On the question of extending the authority of the Administrator, under Financial Regulation 3.4, to accept a variety of special purpose trust funds, one member expressed the view that the proposed modality was acceptable only if resources were limited to contributions from the recipient countries concerned. Others felt the Committee needed more information on the proposal before they could endorse it in its entirety. However, support was expressed for the Administrator to be authorized to provide assistance to those countries giving up their IPFs. Assistance to such countries should be on a fully paid basis.

Management improvements

198. The majority of members supported the Administrator's suggestion concerning the introduction of a new integrated financial information and control system which they felt would enhance financial control while avoiding a repetition of the financial difficulties experienced by UNDP in 1975 and 1976.

199. One member noted the changes in the organizational structure, as detailed in the Administrator's memorandum of 15 November 1976, and requested that an organizational chart be drawn up reflecting the various lines of authority. He also felt it would be useful if the Council were provided with an explanation of the responsibilities of the Deputy Administrator, including information on the organizational units which reported directly to the Deputy as opposed to those which reported directly to the Administrator. He further expressed concern over the lack of balance in the authority between programme and financial services which developed during the first cycle. He noted that the new structure, as explained by the Administrator in his opening remarks, seemed unclear and tended to give greater weight to programme functions than to finance. Finance seemed to have been downgraded. Thus, the Committee needed clarification on the true relationship between the various organizational units. Similar questions relating to improvements in the system itself in the field of organization and management were raised by other members. They also inquired about the conclusions of the

consultants who had advised the Administrator on organizational and management matters.

Observations of the Administration

200. The Administrator, in response to the views expressed by members on the question of accumulated non-convertible currencies, reiterated his concern and stated that he would appreciate receiving policy guidelines from the Council which would enhance the utilization of those currencies. On the question of increased IPFs for the Seychelles and the Socialist Republic of Viet Nam, the Administrator pointed out that the additional IPFs would be met from the undistributed IPF which had been set aside by the Council for such purposes. He further stated that the reduction in the number of professional posts was separate from and not related to the reduction in the number of Senior Agricultural Advisers. He also stated that any reorganization of the Regional Bureau for Europe, Mediterranean and the Middle East would only be made after full consultation with all Governments concerned. In response to a number of questions raised on management matters, the Administrator gave additional explanations which are reflected in the report under agenda item 9 (a) (see paras. 251-254 below).

201. In response to questions raised concerning a final accounting for the first cycle, 1972-1976, the Director of the Division of Finance explained that the final accounting for the complete IPF cycle 1972-1976 would provide financial information on a country-by-country basis showing the level of the approved IPF and the actual expenditures, year by year through 1976. In that connexion, the Director explained that although it had been possible to provide aggregated estimated financial data for 1976, for the total cycle it would be unwise to attempt a detailed final accounting before the closure and audit of the 1976 accounts plus a complete and detailed reconciliation of the financial accounts with the separate project-by-project information system.

202. The Director also explained that the favourable cash balance of \$35.5 million estimated as available at 31 December 1976, which the Administrator had mentioned in his opening statement, resulted from developments subsequent to the preparation of document DP/238. The Director explained that the total liquid assets at the end of 1976 included amounts to cover cost-sharing projects and the Special Measures for Least Developed Countries which would be expended in 1977. In response to a particular question, the Director also stated that he saw no difficulty in supplying more detailed information on cost-sharing contributions and expenditures if members so wished.

203. With regard to questions raised concerning the proposed modification to UNDP Financial Regulation 3.4, the Director stated that the proposal had been put forward to the Council in order to obtain its initial reaction to the idea. The Council's reaction would determine future developments or efforts in that regard.

204. In response to several questions relating to the unexpected return of \$928,000 equivalent in USSR roubles by the United Nations, the Director, Division of Finance, explained that that had occurred because the custody of UNDP funds was not in the hands of the Administrator. Thus, the Secretary-General could draw upon UNDP funds without the Administrator's full knowledge of the purpose of the transaction. The only way to prevent a recurrence was to grant full custody of UNDP funds to the Administrator.

205. On the question of the uneven cash flow situation for the year 1976 as reflected in table 1 of document DP/238, the Director informed the Committee that that was a perpetual problem for UNDP. Since collections and disbursements were also made on behalf of the United Nations Capital Development Fund, the United Nations Revolving Fund for Natural Resources Exploration, the United Nations Fund for Population Activities, the Sahelian Fund and a number of agencies and the United Nations, gross cash inflows and outflows were not easy to forecast. The net cash inflows and outflows relating to UNDP itself were predictable with a greater degree of accuracy.

206. The Deputy Administrator informed the Committee that the \$510 million estimated income for 1977, reported to the Council at its June 1976 session, took into account that the expected \$40 million deficit for 1976 would have been fully met and that none of the deficit would have to be repaid in 1977. On the question of the programme implications which would result from the reduction in the posts of Senior Agricultural Advisers, the Deputy Administrator assured the Committee that the reduction would not seriously affect the quality of the Programme since UNDP and FAO had taken steps to ensure consultations and co-ordination with the resident representatives.

207. With reference to the authorization under Financial Regulation 3.4, as requested in paragraph 26 of document DP/238, the Deputy Administrator elaborated on the various sources of financing open to the Administration and expressed his hope that the Council would find it possible to endorse the Administrator's proposal, which would lead to a simplification of administrative procedures. He continued by stating that under the proposed new regulation the nomenclature could be applied in each case as might be necessary, subject to full disclosure to the Council at each session.

Preliminary report to the Council

208. The Budgetary and Finance Committee authorized its Chairman to present to the plenary meeting of the Council a summary of the views expressed in the Committee on the item (see para. 26 above).

B. BUDGET ESTIMATES FOR 1977

209. For its consideration of agenda item 9 (a), the Budgetary and Finance Committee had before it documents DP/233 and Corr.1 and Add.1 containing the budget estimates for 1977 in a revised presentation in a programme budget format. The related report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) was also before the Committee (DP/240).

210. Introducing the item, the Director of Finance noted that the initial 1977 budget estimates, following an object-of-expenditure format, had been considered by the Council in June 1976. At that time, the Administrator had under consideration the realignment of the organizational structure at UNDP headquarters and the precise number of staff needed to support the Programme, in the field and at headquarters.

211. The Committee was informed that that was UNDP's first effort at preparing a programme budget and the experience gained from the exercise had been very valuable.

In particular, several areas where improvements could be made had been noted. The Administrator's intention was to continue the process of improving the budget presentation, particularly: to achieve a better system for numbering and cross-referencing tables and the textual data; to reduce or compress the size of the budget while retaining all relevant material, and to improve the quality and content of the text without eliminating any essential information or details; to include the UNFPA subvention to UNDP as an income item; to refine the budget presentation for the Office for Projects Execution; and to incorporate in future budget estimates graphic presentations and charts which should facilitate comprehension and comparisons.

212. In support of the new programme budget format and as an aid in monitoring the budget, UNDP had restructured the budget allotment accounts and the related financial reports so that expenditures, in addition to being monitored by type of expenditure, i.e., travel, rental, etc., could also be monitored by programme, subprogramme and programme component where applicable. The statement of budget policy as presented to the Council (DP/181) at its twenty-second session in June 1976 remained valid, and for this reason the budget policy had not been repeated in the text of document DP/233 and Corr.1.

213. The Director further indicated that the Administrator would appreciate comments and guidance from the Council on the question of special translation costs referred to in paragraph 18 of document DP/233. The Committee was also informed that UNDP had participated in the Consultative Committee on Administrative Questions (CCAQ) task force convened to harmonize and improve the procedure for estimating the effects of inflation and how inflation should be shown in budget estimates. UNDP would continue to participate in the task force and hoped thus to be better able to respond to the Council's concern about reflecting inflation in the UNDP budget estimates. Referring to UNDP's participation in jointly financed interagency activities of administrative co-operation, for which UNDP paid a portion of the cost, the Director of Finance noted that since the International Civil Service Commission was a new and expanding body, the cost estimates might change and thus UNDP's share could increase. Should that be the situation, the Administrator would endeavour to meet the increased cost from savings or reductions within the existing budget rather than request an additional appropriation. Efforts to increase government contributions to local field office costs would continue. Resident representatives had been requested to consult with the appropriate government authorities and seek increased government support towards the local field office cost.

214. The revised programme budget for 1977 had been maintained within the level of \$59.9 million which was submitted to the Council at its twenty-second session; however, all items were reviewed during the process of revising the budget and a number of items recosted. Since the major part of the UNDP budget covered salary and related costs, and since salary costs had been costed by using data on staffing levels which was stored in the computer, considerable precision had been achieved.

215. The greater involvement of all sections of the UNDP secretariat in preparing the administrative budget under a programme budget format had been a rewarding experience and of particular benefit to programme managers since they had provided the textual material included in the budget document on their particular programmes. The Director stressed that the programme budget document would be improved in the future to better serve the Council in its consideration and appropriation of the necessary funds.

Summary of discussion in the Committee

216. Most members expressed general satisfaction with the first UNDP programme budget presentation, especially with the detailed staffing tables and explanatory information on the various programmes. Like the Administration and ACABQ, members of the Committee felt that further refinements were possible and necessary in the budget layout and the cross-referencing so as to better relate the explanatory information with the associated tables in order to make the budget more comprehensible. One member welcomed the concise definition of the objectives and functions of each of the organizational units within the various programmes.

217. The Administrator was commended for his efforts to ensure that the administrative budget was kept to the absolute minimum level consistent with the good management of the Programme. One member noted that the increase of about 4 per cent over the budget estimates for 1976 represented a slow-down in the expenditure growth rate when compared with the 1976 increase over 1975. Another member felt that the introduction to a budget such as that of UNDP should reflect the broad policy issues of the organization in the field of budgetary, financial and administrative matters and highlight the specific measures that had been taken to implement that policy. That member also expressed disappointment that some of the main issues and reasons for the restructuring and further decentralization to the field of the management and administrative functions had not been dealt with in a more substantial way and noted the comments of ACABQ in that connexion.

218. Several members commented on specific features of the revised headquarters organizational structure, particularly the strengthening of the Division of Finance and the establishment of the Bureau of Administration and the Planning and Co-ordination Office. One member noted that during the restructuring, the Administrator had reduced the over-all number of posts to 3,844, or 120 less than the authorized establishment level for 1976, and felt that that was a notable achievement. Another member observed that the reductions in professional staff had been achieved largely by normal attrition and, to a certain extent, had been counterbalanced by the recruitment of local staff, which was a proper way to carry out staff reductions. The hope was expressed by one member that the guidelines to be applied in determining the over-all establishment of UNDP were sufficiently flexible to allow for the redeployment of staff from offices where their services were less needed to other duty stations where, because of the increased workload, additional personnel were required. One member noted that with further decentralization, a number of responsibilities would be passed to field offices at a time when limitations were being placed on the size of the authorized field office establishment; during that process of adjustment, it would be very important to preserve a degree of coherence in the support to be provided to resident representatives and in the staff resources assigned to the field office and also in the backstopping and other services rendered by headquarters units.

219. Another member was encouraged by the systematic efforts of the Administrator to limit the costs of administering the Programme and to increase the efficiency of delivery of the field programme. Several members realized that the development of an integrated accounting and budgeting system could take a number of years and assured the Administrator of their whole-hearted support in his endeavours to accomplish that objective. Referring to the field programme, one member noted that the operational expenditure ceilings for 1977 had been decreased as compared to the 1976 ceiling, but that the administrative budget expenditures for 1977 would increase over 1976. While appreciating that it was very difficult to limit

expenditures under the administrative budget if the field programmes were suddenly curtailed, it was suggested that the expenditures under the administrative budget for 1977 should have been maintained within the same level as the revised estimates for 1976. A number of members supported the concept and noted the paradox that the cost of the field programme was going down while the administrative budget was rising; members felt that it should be the other way around. The Administrator was requested to continue his efforts to reduce administrative costs and to ensure that the rate of increase in future budgets was substantially less than the rate of increase in programme funds.

220. Several members were of the opinion that all administrative expenditures incurred by UNDP for carrying out cost sharing arrangements should be fully defrayed by the countries concerned.

221. With regard to reductions in administrative costs, several members referred to the report of ACABQ and commented specifically on the possibility of achieving further reductions in the amounts provided for consultants, contractual printing, travel, public information supplies and services, and noted as well the high rate of non-UNDP related activities carried out in field offices. A number of members felt that further reductions could be made in the provision for consultants by limiting their use to the absolute minimum; a large number of members supported the suggestion of ACABQ that the names and locations of all individuals or firms paid in excess of \$10,000 during a calendar year for consultant services should be reported to the Governing Council and requested that the Administrator provide that information in the future.

222. A number of members referred to paragraph 6 of the ACABQ report on the question of inflation and, like ACABQ, looked for more information in the 1978 programme budget concerning the method of calculation and effects of inflation. Some members expressed reservations regarding the very principle of full budgeting. In their view, the effects of inflation should be offset primarily, and to the extent possible, by savings.

223. With reference to increased productivity, one member proposed that the Administrator, in future submissions of the budget estimates, provide, in addition to the functions and objectives of each office, relevant workload indicators, wherever appropriate. Such data would be particularly significant in evaluating the requirements of each of the Regional Bureaux of UNDP. The indicators could be the total number of projects served or to be served, the total number of experts provided, the number and amount of projects subcontracted, and the extent to which approved project costs were for the purchase of equipment, etc. Provision of such information for one year only would not constitute a sufficient basis for evaluation and it was felt that it would be necessary to have a time series covering at least two, if not more, budget years. Any assessment by the Administrator explaining the differences in the workload of Regional Bureaux would be helpful for the Council to properly appraise the budget estimate.

224. Concerning sectoral advisers, one member, speaking also on behalf of several others, noted with satisfaction that the Administrator had discussed the matter with the Director-General of FAO and the Executive Director of UNIDO and reached agreement on the number of posts for sectoral advisers to be included in the 1977 budget; that member inquired as to the rationale for establishing the number of advisers financed by UNDP at 36 and 23 respectively. It was noted that while one agency, FAO, was in favour of reducing the number of sectoral advisers,

another organization, UNIDO, was seeking not only to raise the number financed by the UNDP budget to the 30 posts authorized, but also would like to increase the 30 authorized Senior Industrial Development Field Advisers to 38. Several members supported an increase in the 1977 budget provision for Industrial Advisers to 30, while another member stated that all the costs of sectoral advisers should be paid by the regular budget of the organization concerned and not by UNDP. The question had been discussed at the twenty-second session of the Council and again by several members at the current session, and it was felt that there was a need for the Council to discuss the whole question of sectoral support in depth and to establish a comprehensive policy for the Administrator to follow.

225. On the question of conference services and special translation costs, most members were of the opinion that those services should be provided to UNDP by the United Nations, with all costs borne by the United Nations regular budget. Since UNDP was a subsidiary organ of the General Assembly, it should not be treated differently from other similar bodies with respect to conference services and translation. One member proposed that the actual costs of special translation during 1977 should not exceed \$50,000 since the United Nations could provide most of that service from within its current capacity and resources. He had been informed that the United Nations did not plan to discontinue providing UNDP with special translation services during 1977 and, therefore, he felt that significant savings on that item were possible. Members suggested that the United Nations should continue to provide UNDP with special translation services in the spirit of mutual co-operation and, in return, the United Nations should continue to draw on the services of the UNDP world-wide network of field offices. Some members felt that the Council should re-examine the current practice of translating country programmes, and others suggested that the translation into languages should perhaps be limited. Other members stressed that care should be exercised not to move too hastily in reducing the translation of country programmes since the translations might be useful to other countries, including those outside the Council.

226. On the question of support services for projects executed by UNDP and the Office for Projects Execution (OPE), one member sought clarification of the basis for calculating overheads received on projects executed by UNDP. She referred to part II of document DP/181, which was presented to the twenty-second session of the Council, which listed three different methods for the calculation of the overhead percentage on OPE-executed projects. She referred to the fact that no decision had been taken by the Council on the adoption of any one of the different methods. Another member referred to four categories of projects shown in paragraph 138 of document DP/181 and stated that if changes in those categories were needed or envisaged, the subject should be discussed in the Council. Considerable concern was expressed about the charges being made to extrabudgetary resources and sought to establish the source and amount of those extrabudgetary resources, and the criteria followed in determining which charges were properly made against extrabudgetary resources. One member felt that it was imperative at that time for the Council to provide the Administrator with clear guidelines on that question. In his view, the only charges which could legitimately be made directly to the OPE budget, or to extrabudgetary resources for support for UNDP-executed projects, were those directly identifiable and incremental charges attributable to the execution of projects by OPE. The member also referred to the number of staff in OPE. He noted that the authorized establishment would not increase in 1977 beyond the 40 posts authorized for 1976, but, in view of the static situation in the projects being executed by that Office, felt that additional justification was needed for increasing the actual staff of 33 on board to the 40 posts requested for 1977. Any assessment

of the proper level of staff resources necessary for OPE to accomplish its task required detailed explanation showing the total level of the programme from all sources of funds. The same member felt that any income earned by OPE in the execution of projects funded from other sources should be explained to the Council and any income earned deducted from the OPE budget. It was stressed that OPE should not only be a cost centre but also an income centre.

227. Concerning the additional 19 posts provided under the heading "Support for UNDP-Executed Projects", the Administrator was requested to re-examine the number of posts funded under that category and revise the figures to a more realistic level. A question was also raised concerning the subvention made from extrabudgetary funds to the UNDP administrative budget and justification requested for the subvention, since 19 posts were already being charged against extrabudgetary resources as identifiable costs met from OPE overhead. The reason for meeting the costs of UNDP's participation in the Consultative Group on International Research from OPE overhead was also requested.

Observations of the Administration in the Committee

228. The Assistant Administrator, Bureau for Special Activities, informed the Committee that OPE carried out many operational and advisory functions which were additional to its central role of executing projects funded from IPFs and the Programme Reserve. To the Administrator, OPE was a management centre for skills and services that ran beyond simply the delivery of projects. For example, OPE was participating in efforts to promote technical co-operation among developing countries and gave advice to Governments upon request in contracting and monetary matters. It helped co-ordinate important multilateral activities with little or no UNDP input but with complex managerial problems which led Governments to ask OPE to be a neutral focal point. OPE was the place where studies concerning interagency central procurement services were centred. It assisted the Administrator with regard to studies as to how various currencies might better be used and it also played a large part in efforts to provide all Governments with full opportunities to know about UNDP procurement and contracting opportunities.

229. As for the question of the staffing of OPE, attention had been drawn to the fact that a number of vacancies were to be found in the approved establishment of 40 posts. That was due to the fact that, when the Administrator put his freeze in 1976 on the UNDP establishment, OPE did not escape, in spite of its operational status. Even though there had been great need of additional technical personnel, it had not been possible to fill those vacancies, although recruitment action had recently been allowed to recommence.

230. With regard to staff and other costs arising in various parts of UNDP, but charged to OPE overhead earnings, the Administrator agreed with those who urged that only those costs directly related to OPE activity should be so charged. There admittedly had been difficulty in arriving at proper definitions and understandings on the question. There were fractions of staff and services functioning extensively for OPE but not easily measured, a striking example being the Travel Section, which had done substantial OPE work without additional staff. Also involved were building operations by General Services, and Division of Personnel support. Field Offices did a great deal of work for OPE and there was the whole array of services provided by the Division of Finance. Services offered to OPE were also involved in the heavy

subvention that UNDP paid to the United Nations for its services. If all those fractions were put together, a general figure of \$250,000 might not be out of line.

231. A member had suggested that the Administrator took an unusual view of charges made against OPE overheads. The Assistant Administrator stated that that was not so; the Administrator felt that all costs should be controlled and that managers should be called upon to account for them. In outlining the situation that had evolved in recent times, the Assistant Administrator recalled that OPE had started in 1972 with Governing Council approval without a formal budget for several years as a deliverer of projects funded under the IPFs. OPE now operated under a formally approved budget packaged into the detailed programme budget of UNDP.

232. The Assistant Administrator stated that projects were now executed not only under IPF funds but also under many other fund sources such as the Special Measures Fund for Least Developed Countries, cost sharing arrangements, government cash counterpart contributions, the United Nations Capital Development Fund, the Irian-Jayah Joint Development Fund, the United Nations Revolving Fund for National Resources Exploration and, recently, very heavy demands from the United Nations Sahelian Office. Those represented quite an array of funding sources and were expected to involve \$16 million of the \$36 million total OPE delivery level projected for 1977. A hallmark of OPE, as stated by the Assistant Administrator, had been to try to be fully responsive to requests from Governments to execute projects whenever it was considered that OPE could provide the best results, whatever the nature of the funding.

233. The Assistant Administrator hoped that those general points might give the Committee a better understanding of the OPE operation and help to clarify the budget presentation as it related to OPE and the support services picture. He agreed that future presentations should endeavour both to quantify and to be more descriptive of the activities executed under non-IPF funding.

234. A member had asked about the costs related to the Consultative Group on International Agricultural Research (CGIAR) which were charged to overhead earnings. The Assistant Administrator agreed that that was an anomaly arising from earlier days when interregional and global projects were executed in a different fashion. The matter would be regularized in future budgetary arrangements.

235. Regarding the proposed post of Deputy Director of the United Nations Revolving Fund for Natural Resources Exploration, the Assistant Administrator stated that experience of the Fund covered a relatively short time and it was very difficult to forecast manning requirements. Efforts went on for months before a project could get under way and required an enormous amount of time and contact work at the governmental level. The Director intended to wait until at least mid-year before proceeding with an appointment; the Assistant Administrator was hopeful that the Committee would authorize the filling of the post if it was demonstrably required after further experience had been gained over the coming months.

236. The Director of Finance expressed appreciation for the very constructive comments provided by members of the Committee. In responding to the comments of members who had referred to the ACABQ report, especially paragraph 10 of document DP/240, the Director reassured members that refinements and improvements would be made in the programme budget for 1978, which would be submitted to the twenty-fourth session of the Council in June 1977. Concerning paragraph 13 of the ACABQ report,

the Director explained that the Administrator had carefully reviewed, in some detail, each and every expenditure item, but had not been able to reduce the items suggested by ACABQ. In fact, the review had indicated the need to increase some items, but the Administrator had arbitrarily maintained the level of the previous net budget. The Director explained the scope of the detailed review and referred to contractual printing, which provided very essential items for field offices, where the needs greatly exceeded the budget request. Likewise, concerning stationery, it was simply not possible to reduce the budget request, but members were assured that actual expenditure on that item would be tightly controlled. Regarding public information supplies and services, the Director explained the uniqueness of the material and its value in providing the proper UNDP image and what UNDP really was all about. UNDP must be in a position to provide factual information about its programme to the media and other sources. Members were assured that significant reductions had been made in the level of the initial request under the item.

237. Contractual services in field offices had been commented upon by several members; the Director explained that those estimates were consolidated from the individual requests from field offices and had already been subjected to substantial reductions before being entered in the budget; in the Administrator's opinion, the request was at the minimum level and should be maintained.

238. The Director confirmed that guidelines for the use of outside expertise and consultants had been drafted by UNDP which followed very closely the guidelines issued by the Secretary-General in his circular of 28 November 1975. 8/ The UNDP instruction should be circulated within the first quarter of 1977.

239. Reference was made by the Director to a report of the Secretary-General 9/ to the General Assembly on the question of reimbursement to the United Nations for services performed on behalf of another agency. UNDP planned to obtain better data in order to provide fuller details of services performed by UNDP on behalf of other organizations, including the United Nations. The Director referred to annex D of the report containing the text of a memorandum from the Assistant Administrator of UNDP to the United Nations Controller which gave considerable details on the types and magnitude of the services performed by UNDP field offices. That information was obtained as a by-product of the 1977 budget preparation exercise, although some field offices had experienced difficulty in properly filling out the forms. Considerable efforts had been made to improve and expand the forms accompanying the 1978 request to field offices for details to be used in preparing the 1978 budget to be submitted to the twenty-fourth session of the Governing Council. In structuring the new forms, UNDP had attempted to be more precise in its request and should have a better basis for quantifying those services provided for others and the information could be provided to the Council. The quantitative information would be updated for 1976 and 1977, and it should provide a sound foundation for the time series on services provided to other organizations.

240. The Director confirmed that the Administrator considered OPE as a cost centre and an income centre and, in fact, the accounts had already been established to record income on OPE-executed projects. It was proposed that the incremental costs necessary to support the OPE additional activities would be a first charge against

8/ ST/AI/232.

9/ A/C.5/31/33 and Corr.1

those supplementary overhead earnings and the net of such overhead income would be applied against the OPE administrative budget approved by the Council.

241. Concerning biennial budgeting, the Director noted that most other United Nations organizations prepared their budgets at least on a biennial basis; that would have some advantages, particularly should the Council decide to meet only once each year. Although the Council had previously decided against a two-year budget, the Administrator would have no difficulty in preparing a biennial budget if the Council should adopt such a decision.

242. Regarding the conference services provided by the United Nations, it was expected that the question would be reviewed with the United Nations in the light of the whole range of services provided to UNDP by the United Nations and by UNDP to the United Nations. The constructive views expressed by the Council on the subject would facilitate further discussions on the matter.

243. Referring to the additional costs with respect to the International Civil Service Commission recommendations which had been accepted by the General Assembly, the Director confirmed that it was envisaged that the increased costs could be absorbed within the existing level of the 1977 budget.

244. Regarding the increase in the cost of jointly financed activities in which UNDP participated, the Director informed the Committee that UNDP participated in the International Civil Service Commission, CCAQ, the Joint Inspection Unit and the Inter-Organizational Board. The costs for those activities were developed by the individual unit; some were submitted through the General Assembly and UNDP bore its fair share of those costs. UNDP had received a recent communication which provided the latest information with regard to the budget for those organizations.

245. On the subject of the budget format, the Director stated that the initial submission (DP/181) to the twenty-second session of the Council had been provided on an object-of-expenditure basis, and UNDP had not repeated that information in the revised programme budget document (DP/233 and Corr.1). The 1978 budget would show details by object of expenditure and also by programme.

246. On the question of increased travel, members were informed that quarterly travel plans were still submitted for the Administrator's approval, thus enabling adequate controls and more effective planning of travel by permitting reductions or the combination of trips and other missions, home leave, etc.

247. UNDP official documentation had increased over the past several years because several new programmes had been assigned to the Administrator, e.g. United Nations Volunteers, United Nations Capital Development Fund, United Nations Revolving Fund for Natural Resources Exploration, etc. The United Nations had indicated that it would like to discuss the question of reimbursement from UNDP for its official documentation, including meetings of the Governing Council. Discussions were expected to be held with the United Nations on the question, and the Director stated that the support expressed in the Council on the question would be extremely helpful in the negotiations.

248. Regarding inflation and productivity and the ability of UNDP to absorb costs by increased productivity, the Director referred to the discussion on the issue under item 9 (b) of the agenda (see paras. 261 and 275 below). It was felt that much of UNDP's work was not readily adaptable to productivity measurement.

249. Reference had been made to document DP/181 and the method of calculating OPE overhead percentages. In calculating the rate of OPE overhead, it seemed fair that OPE should be afforded the same consideration as any other Executing Agency in expending overhead funds, and that the percentage of OPE overheads should be the total value of its programme delivery as compared with the actual cost of OPE. Should the Council wish to discuss the question of OPE overheads at its twenty-fourth session, the Administrator could expand the budget text on OPE in the 1978 programme budget submission.

250. In conclusion, the Director informed the Committee that the Administrator would ensure that only directly identifiable charges deemed attributable to the projects executed by UNDP would be charged to extrabudgetary resources. A direct link would exist in all such cases between the charges made for support purposes and the projects actually executed by UNDP. All non-OPE posts would be reviewed during 1977, and any post which was not essential and in accordance with the view stated above would be kept vacant and not requested in 1978. The income earned on non-UNDP IPF-funded projects would be shown separately and used to offset the total expenditures made against the approved OPE administrative budget.

251. The Administrator expressed appreciation for the sound advice and concerns expressed, which he considered a healthy sign and of benefit to the Programme. He wished to respond personally to several of the points which had been raised by members of the Committee, including some raised under item 4. Regarding the level of the officer in charge of Administration being at the level of Assistant Secretary-General instead of Under-Secretary-General, he considered it one of the Administrator's prerogatives to take such decisions. The Assistant Administrator for Administration had his full confidence and additionally, the Administrator stated, he had also recruited a special senior consultant to further advise him on financial matters. The ultimate responsibility for the Programme on the one hand, and for administration on the other hand, were at the same level. The Deputy Administrator served as a deputy to the Administrator across the board - on all matters that concerned UNDP. The Administrator assured the Committee that he sought advice from all his senior colleagues and had weekly meetings with a small group involved in day-to-day matters; also he held meetings on operations and policy, on the one hand, and finance and administration, on the other hand. The small group comprised the Deputy Administrator, the Assistant Administrator for Programme Policy and Evaluation and the Assistant Administrator for Administration. He also had meetings with other senior officials from the Regional Bureaux, finance, personnel, programme planning, administration, planning and co-ordination, but the Administrator stressed that the ultimate reconciliation of all advice was the job of the Administrator.

252. The purpose of the Planning and Co-ordination Unit was to ensure that programme matters, on the one hand, and administration and finance, on the other hand, were operating in one stream. The Unit was assigned the responsibility of assisting the Administrator and the Deputy Administrator on programme and finance functions, forward planning and co-ordination of the various segments. It advised the Administrator and the Deputy Administrator on matters of special concern, assisted the Administrator with programmes and project analysis, ensured timely action and synthesized those actions. On the question of possible duplication of functions by the Bureau for Programme Planning and Evaluation and the Programme Co-ordination Office, the Administrator assured members that he would not let that happen.

253. The Administrator shared the concern of members of the Committee regarding the growth of the administrative budget and felt that the rate of growth should not exceed the rate of growth for the Programme. However, in January 1976, UNDP was faced with a Programme in excess of \$420 million which had to be reduced to \$370 million because of financial considerations. Had the administrative and programme support budget fluctuated in the same manner, it would have caused substantial dismantling of the secretariat mechanism of the entire UNDP. The Committee was assured that the Administrator would do everything in his power to keep the growth of the administrative and programme support budget to an absolute minimum. A reduction of 6.2 per cent had been made in the 1977 administrative and programme support budget that was currently being considered as compared with the original forecast. If inflation of 5 per cent was taken into account for 1977, the reduction in the 1977 budget would be in excess of 10 per cent.

254. There had been a continuing discussion of what was known as "top-heaviness" in the UNDP headquarters establishment. There were two aspects to that question: on the one hand, it could refer to the number of senior officials; on the other hand, it could refer to the number of people in senior grades in the UNDP service. Regarding the latter, the Council should recall that UNDP was a field-oriented organization with offices in over 105 different countries. Every one of those offices should be headed by a person of a high grade - P-5, D-1, or D-2 - which distorted the top-heaviness picture. UNDP had a responsibility to provide high-level and high-calibre people to the Governments which it was privileged to serve. The Governing Council had requested the Administrator to take appropriate action to reduce the top-heaviness of the UNDP management structure at headquarters, and in view of the current financial situation of the Programme, to limit promotions, and to reclassify posts during 1976 only on a highly selective basis, and to stabilize the number of posts occupied during 1976 at the number occupied during January 1976. That instruction had been effectively carried out and the Administrator had stabilized the number of posts actually occupied at 581 posts by the end of 1976. The reduction in posts requested as between those authorized for 1976 and those set for 1977 was 13.4 per cent. There had been a reduction of one Under-Secretary-General, one Assistant Secretary-General and a substantial number of other senior posts. In that way, the Administrator was able to meet the mandate of the Council to reduce top-heaviness.

Decision of the Governing Council

255. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

After having considered the 1977 budget estimates for administrative and programme support services of the United Nations Development Programme,

(a) Approved appropriations in an amount of \$77,815,500 gross to be allocated from the resources of UNDP to finance the 1977 Programme budget as follows:

<u>Programme</u>	<u>US dollars</u>
Policy-making Organs	1,355,780
Executive Direction and Management	1,147,660
Programme Management and Support	35,099,350
Sectoral Support Services	6,711,430
Administrative and Common Services	32,093,780
United Nations Volunteers	1,081,500
United Nations Capital Development Fund	326,000
<u>Total gross</u>	<u>77,815,500</u>

and decided that the appropriation request for special translation costs of \$440,000 under the Programme policy-making organs shall be limited to \$200,000 in 1977 with the saving on this item remaining unspent pending a report by the Administrator on this matter being submitted to the twenty-fourth session of the Governing Council;

(b) Resolved that the income estimates in an amount of \$17,669,800 shall be used to offset the gross appropriations in paragraph (a) above;

(c) Agreed that the Administrator shall be authorized to transfer credits between programmes of the 1977 budget, within reasonable limits with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

(d) Approved appropriations in an amount of \$1,628,930 gross for the Office for Projects Execution to be financed from overheads on projects executed by UNDP;

(e) Resolved that the income estimates in an amount of \$160,000 shall be used to offset the gross appropriations in paragraph (d) above;

(f) Approved appropriations in an amount of \$1,170,900 gross for extrabudgetary costs of programme management and support (\$105,400), administrative and common services (\$562,500), and support services for UNDP-executed projects (\$503,000) to be financed from overheads on projects executed by UNDP;

(g) Resolved that income estimates in an amount of \$125,300 shall be used to offset the gross appropriations in paragraph (f) above;

(h) Approved appropriations in the amount of \$542,100 gross for the United Nations Revolving Fund for Natural Resources Exploration to be financed from the resources of the Fund;

(i) Resolved that income estimates in an amount of \$61,500 shall be used to offset the gross appropriations in paragraph (h) above;

(j) Called upon the United Nations to provide UNDP with conference services and special translations at no cost to the Programme;

(k) Decided that only identifiable and incremental costs directly attributable to the execution of projects by the Office for Projects Execution should be charged to the overheads on UNDP-executed projects;

(l) Requested the Administrator to review all posts currently charged under the heading "Support for UNDP Executed Projects" in the light of paragraph (k) above, and report the results of this review to the Council at its twenty-fourth session;

(m) Decided that the reimbursement by OPE to UNDP should be eliminated commencing with the 1978 budget;

(n) Decided that overhead income earned on projects executed for other funds should be calculated at the level necessary to cover the costs of executing those projects and should not result in UNDP subsidizing the expenses incurred in execution of these projects or, similarly, should not result in subsidizing the expenses incurred in the execution of projects funded from the UNDP regular programmes;

(o) Decided with respect to paragraph (n) above, that future budget estimates should include information on the size of the programme to be executed by OPE for other funds and the anticipated overhead income to be earned thereon;

(p) Keeping in view the needs of developing countries in different stages of the development process, approved the recommendation of the Executive Director of UNIDO, as presented by the Administrator, to increase budgetary provision of SIDFA posts from 23 to 30 during 1977 and, to this end, provisionally approved additional appropriations in an amount of \$317,000 gross which would be offset by additional income estimates of \$87,300 to finance the 1977 requirements, and requested the Administrator to submit to the Council at its twenty-fourth session a report on the sectoral support, including alternative sources of financing, to permit the Council to discuss this matter fully and in depth and to establish a comprehensive policy thereafter;

(q) Requested the Administrator to provide to the Governing Council at its twenty-fourth session comprehensive information on the status of job classification in UNDP, particularly in respect of locally-recruited field staff, to form a basis for the Council's consideration of the need for a job classification programme.

C. GENERAL OUTLINE OF THE BUDGET ESTIMATES FOR 1978

256. Under agenda item 9 (b), the Budgetary and Finance Committee had before it for consideration a general outline of the budget estimates for 1978 (DP/239).

257. In introducing the item, the Director of Finance stated that the document before the Committee contained a forecast of the 1978 requirements as they could be predicted at that stage. He further promised that the detailed budget document which would be submitted at the twenty-fourth session of the Governing Council in June 1977 would be an improvement on the 1977 budget document and would be based upon the detailed information received from field offices as to their specific requirements. The Director then outlined the methodology used in calculating the estimates, including the way that inflation had been taken into

account. He confirmed that in framing the general outline of the 1978 budget, the Administrator had been guided by the report of the CCAQ Working Party on Common Methodology for Estimating Costs of Inflation. In that connexion, the detailed budget estimates for 1978 would include expanded details on the cost increases due to inflation. Those would be broken down to show the effects of inflation in detail by appropriation lines and would also distinguish the net programme and other changes from the net changes due only to the effects of inflation. Detailed information would also be provided on the manner in which the costs of inflation had been calculated.

258. The net budget forecast of \$64.4 million for 1978 projected an increase of \$4.5 million over the net 1977 budget request of \$59.9 million. Efforts had been made to make the projections as realistic as possible, while taking fully into account the Council's concern for maximum economy. The Director noted that some expenditure items were not controllable by the Administrator and he cited as an example the cost escalation clauses contained in rental agreements covering office space. The miscellaneous income amount of \$19 million forecast for 1978 assumed that Governments' contributions toward local field office costs would increase by 10 per cent over 1977. That assumption was based on the experience for 1976 and the expected level of contributions in 1977.

259. The Committee was informed that the actual 1978 budget estimates would contain full details showing expenditures by individual objects and appropriation section in addition to providing expenditures in the programme budget format.

Summary of discussion in the Committee

260. Most members were concerned with the effects of inflation on the administrative budget and how the Administrator had taken inflation into account; they generally endorsed the views of ACABQ as contained in document DP/240. Members welcomed the Administrator's intention, stated in document DP/239, to follow the CCAQ Working Party recommendations when presenting information on the effects of inflation and to provide detailed information on the manner in which the effects of inflation had been calculated.

261. Several members raised the question as to why UNDP appeared merely to add on to the budget the effects of inflation instead of absorbing at least a part of the increased costs resulting from inflation through increased productivity and administrative budget economies. The Administrator was requested to attempt to identify areas where it might be possible partially to absorb the effects of inflation by making economies, to seek increased productivity from individual staff members with the economies resulting from streamlining the organization as a whole and reducing the top-heaviness of staff at headquarters.

262. Several members expressed reservations concerning the method of calculating the average rate of inflation. They requested that inflation rates be examined periodically to reflect reality and, where appropriate, to achieve budget savings. One member stated that during the last few years, devaluations in the currencies of many developing countries tended to offset the negative impact of inflation on the resources of the Programme.

263. Several members commented on the level of the administrative programme support.

services budget in relation to the total size of the operational field programme. It was noted that the operational field programme had decreased while the administrative and programme support budget had increased, which a number of members felt was exactly the opposite of what should have happened. One member requested confirmation of and the rationale for what he observed to be a zero growth forecast as envisaged by the Administrator for 1978. He also would have liked to see included in the budget forecast a projection of the level of the operational field programme for 1978. It was felt that the administrative and programme support budget should be tailored to fit the actual size of the operational field programme; if the field programme shrank or grew, then a case would exist for a decrease or an increase in the administrative and programme support budget.

264. A number of members requested and were advised that no account had been taken in the 1978 budget outline of the recommendations contained in the report of the International Civil Service Commission to the General Assembly at its thirty-first session in 1976.

265. A number of members asked the Administrator to keep administrative costs in general and official travel cost in particular under continuous review and to continue his efforts to reduce those costs.

266. A number of members were interested in increased cost-effectiveness resulting from the reduced level of UNDP staff. It was felt that comparisons of staffing levels should be based on the actual number of staff on board and not the authorized number of posts, and, when assessing the requirement for additional staff, increased workload as well as productivity should be taken fully into consideration. A number of members commented upon the type of tasks UNDP might be called upon to perform in the future since in some countries the workload would increase while in other countries the workload should decrease. Members stressed that the Administrator should not only compare the number of staff and the size of the programme since it might cause the Council to take economy measures which in the long run might not be viable or in the best over-all interest of UNDP.

267. Concerning the long-term staff projection presented at the twenty-second session of the Council in document DP/201, one member requested that, in the light of the current changed condition, the projection should be updated and presented to the Governing Council at a subsequent session.

268. Several members referred to the advantages of biennial budgeting in UNDP, a subject previously considered by the Council, and stressed that its introduction was opportune at that stage since the United Nations as well as a number of the agencies had biennial budgets with the next biennial cycle beginning in 1978. One member expressed doubts about the need to change the budget cycle and felt that the Council had previously disposed of that question. Another member advanced the possibility of combining the idea of a biennial budget with the concept of a medium-term plan covering a four-year period with projections being revised and considered in alternate years. Discussions of such a plan would enable the Council to analyse the Administrator's tasks in field offices and at headquarters in the light of new requirements and developments.

269. Several members referred to the requests made by the Council that the Administrator reduce the top-heaviness in headquarters staff and noted that the same staff structure would continue into 1978. It was hoped that the Administrator would review that situation with a view to further reducing, if possible, the

top-heaviness of headquarters staff and devote the resources released by that action to the field programme. Another member foresaw the need to shift emphasis at headquarters from programme implementation to control and monitoring functions, policy definition and evaluation. He felt that a discussion of those broad policy questions by the Council would be fruitful. The same member felt that the Administrator should provide an insight to his thinking on those broad policy lines in the introduction to the 1978 budget. It was felt that that approach should result in less discussion on technical budget details with possibly more discussion on broad questions of policy and substance. That approach would enable the Governing Council to provide additional guidance to the Administrator.

Observations of the Administration in the Committee

270. The Director of Finance noted that the submission of the 1978 budget outline had succeeded in its purpose of eliciting the views and comments of the Committee. He stated that guidance and direct input by the Council was vital to the formulation of the actual administrative and programme support services budget for 1978. In connexion with the actual preparation exercise, very precise details, guidelines and instructions had been sent to all field offices and they could now be supplemented by policy directives. In responding to points made by several members, the Director noted that a detailed object-of-expenditure presentation at that stage would have partially duplicated the detailed presentation which would be made to the Council at its June 1977 session.

271. The Director recalled that when previously considered by the Council, the biennial budget had not received the approval of the Council, but if the Council so wished, the Administrator was prepared to present his budget estimates on a biennial basis. In response to the questions on inflation, the Director explained that the average rate of 7.5 per cent had been determined by examining several specific situations and devising an average which might apply globally to the total budget. He understood that that was the practice generally followed by other agencies for preparing budget forecasts. For New York, Geneva and a number of other major United Nations duty stations, where inflation was well documented, UNDP adopted the same rates as used by the United Nations and other agencies. For most of the individual UNDP field offices, information on the rate of inflation and other cost elements were not readily available and, rather than attempt to estimate a rate on a country-by-country basis, an over-all global average rate was used to determine costs of salaries, goods and services required by UNDP. Regarding forecasts of inflation, perhaps it could be forecast in the budget document on a regional basis. The Administration would, of course, be obliged to follow specific instructions given by the Council. The Director also noted that the 1978 general outline assumed the continuation of the Administrator's policy of seeking to convert internationally recruited professional staff posts in certain field offices to locally recruited staff and redeploy the international staff to other duty stations.

272. In commenting upon the link between programme growth and increases in the administrative budget, it was explained that the Administrator had undertaken to limit the over-all establishment. However, some provision might be necessary for new, reopened or expanded offices requiring additional staff, although it was envisaged that such requirements could be met by redeployment.

273. With regard to official travel, the Administrator observed the current travel

restrictions were envisaged as a temporary measure owing to the financial situation, but if such restrictions were maintained too long, the long-term effect on the Programme might be quite serious. For that reason, the Administrator saw the need for a slight increase in the travel budget for 1978. He would, however, continue to exercise considerable control over travel.

274. In response to the question of how to reflect currency devaluations in the budget forecast, the Director noted that a significant part of UNDP's field office expenditures were made in the currency of the recipient countries, and since the Governments' contributions towards local office costs were in national currencies, some of the effects of devaluation had been offset. In respect of salaries which were paid in convertible currency, the United Nations system of post adjustment allowed for salary changes to be made as a result of both devaluation and inflation.

275. With regard to offsetting the increased cost resulting from inflation through increased productivity, the Director noted that it would be very difficult to achieve significant increases in productivity in UNDP field offices because of the type of functions and services furnished by UNDP.

276. The Director confirmed that at the time document DP/239 was prepared, the General Assembly had not yet acted on the recommendations of the International Civil Service Commission and, therefore, the additional budgetary implications had not been reflected in the outline of the 1978 budget. He noted, however, that the financial implications for UNDP were not significant.

Decision of the Governing Council

277. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of the general outline of the budget estimates for administrative and programme support services for 1978;

(b) Requested the Administrator, when formulating the budget estimates for 1978, to take into account the views expressed in the Budgetary and Finance Committee during the twenty-third session of the Council;

(c) Further requested the Administrator to include the following in his budget estimates for 1978:

- (i) More detailed information on inflation projections by country or by region, and by major items of expenditure;
- (ii) Proposals to offset, to the extent feasible, costs due to inflation through the economies and productivity increases;
- (iii) Proposals to reduce further, if possible, the top-heaviness of the UNDP staff structure at headquarters, keeping in view the spirit of the decision taken by the Council at its twenty-first session. 10/

10/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2, para. 349 (a).

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

278. Under agenda item 9 (c), the Budgetary and Finance Committee had before it for consideration document DP/223, which contained:

(a) A proposal to submit to the Governing Council at its twenty-fourth session an evaluation of the prospects of reducing expert costs through the adoption of alternative systems of payment; and

(b) A proposal for an in-depth study of the role of experts in development assistance.

279. In introducing the item, the Assistant Administrator for Administration emphasized that the in-depth study would include an evaluation of the cost-effectiveness of the full-range of expert services provided by different types of technical assistance organizations, ranging from high-level consultants to junior experts and volunteers. The study would therefore be of interest, not only to the United Nations development system but, in principle, to all organizations involved in technical co-operation work, public or private, multilateral or bilateral. Seen in that perspective the rather substantive cost of the study did not appear excessive. The proposed expenditure of funds and resources seemed further justified by the fact that previous studies had mainly been procedural in nature. They had not addressed themselves to such broader questions as the pattern of global and regional demand, the supply of different categories of expertise and the common factors affecting the performance and utilization of experts. Moreover, in the light of the growing competence and changing needs of the developing countries, those broader questions were particularly relevant at that stage. He also noted that, should the Governing Council give its principal approval to the proposed study, the Administrator would proceed with further consultations with the executing agencies concerning their participation in the enterprise. A great deal of interaction would be required.

280. The Assistant Administrator then informed the Council that the Administrator, on the basis of further consideration of the matter, would like to propose that the study on the possible reduction of expert costs through the adoption of alternative methods of payment be subsumed under the larger study of the role of experts in development assistance. The reason for that proposal was that the two studies were closely linked. Through incorporation of the smaller study into the larger one, the same expertise could to advantage be used on both studies. The Administrator would therefore like to suggest that the detailed work plan that, according to document DP/223, would be submitted at the twenty-fourth session for the in-depth study of expert assistance, be expanded to include proposals for an evaluation of alternative methods of payment as well.

Summary of discussion in the Committee

281. The majority of members expressed their support for the undertaking of an in-depth study of the role of experts in development assistance as outlined in document DP/223. Several members also commented on specific proposals in that document.

282. One member, speaking on behalf of several others, suggested, for example, that special emphasis should be given to the feasibility and modalities of innovative approaches to the provision of expert services as indicated in paragraph 11 of document DP/223. The importance of actively involving the developing countries in the study in the light of the new dimensions and the need to explore the most effective means and methods of technical co-operation among the developing countries was also emphasized by many other members. The proposed methodology was endorsed and the aim of arriving at specific proposals for beneficial changes and modifications in the current system of providing expert services was welcomed.

283. Many members who endorsed the study emphasized their willingness to collaborate with UNDP in its execution. Some suggested that, given the complexity of the subject-matter, it might be useful to set priorities among the various objectives of the study. That proposal referred in particular to such innovative approaches as the prospects and modalities for TCDC, alternatives to direct recruitment of experts, commercial subcontracting, twinning of institutions and increased use of junior experts and volunteers. It was also mentioned that a somewhat less strict time-table for the study might be helpful and would, if that was found to be useful, be acceptable. Some members suggested that the Council should consider at its twenty-fourth session more detailed terms of reference to be prepared by the consultant.

284. A few members raised some critical questions concerning the proposed in-depth study. Those questions tended to focus on the cost of the study or the lack of detail in the proposed budget. Another set of questions concerned the need for an outside consultant to assume responsibility for the study. It was suggested that UNDP and the executing agencies had well-qualified staff among their own ranks. Alternatively, it was proposed that the Joint Inspection Unit and/or the International Civil Service Commission could be asked to assume responsibility for or collaborate in the study.

285. Several members expressed disappointment at the suggested postponement of the Administrator's evaluation of the prospects for reducing expert costs through the adoption of alternative systems of payment. They emphasized that the matter was of great urgency, as had also been noted during the twenty-second session of the Council. A few members indicated that they did not feel that the two studies described in document DP/223 were closely related.

286. Other members spoke more generally on the subject of expert costs, noting that some executing agencies offered too high grades for field posts or prolonged expert assignments unnecessarily. Greater use of short-term high-level consultant services was recommended. It was also recommended that greater attention be devoted to the training and use of local expertise and to recruiting experts on a more equitable geographical basis.

Observations by the Administration in the Committee

287. In reply to the various questions raised, the Assistant Administrator for Administration made a number of observations. He noted that the proposed special allocation of \$150,000 for the study was not very large for an undertaking of the indicated scope and importance. Additionally, he emphasized that all the views and proposals made in the Council would be carefully taken into account if the

Council's approval were given to the undertaking of an in-depth study as proposed. The executing agencies would be closely involved in the study and the developing countries would be fully consulted concerning their experience, needs and interests. He agreed that one could discuss the exact relationships between the study of alternative methods of payment and an in-depth study of the role of experts in development assistance. Referring to the decision taken by the Council at its twenty-second session, as reflected in paragraph 1 of document DP/223, he did feel that there was a close link between the two studies.

288. In response to some specific questions, he noted, among other things, that both UNDP and executing agency staff would indeed participate in the study, but that it was felt to be advantageous to entrust an outside consultant with ultimate responsibility for it. Apart from the difficulty of detaching a senior staff member full time for the study, there were many advantages in obtaining the more impartial guidance and views of somebody who was not part of the United Nations system itself.

Further discussion in the Committee

289. A few members who had proposed that the Joint Inspection Unit should be asked to undertake the study felt that that issue should be further explored and if possible settled during the current session of the Council. In the light of that proposal, one member suggested that the Administration explore whether the Joint Inspection Unit would have the time and financial resources and in general be able to undertake the in-depth study. A specific question concerning the extent to which the executing agencies had been consulted concerning the proposals contained in document DP/223 was also raised.

Further observations by the Administration

290. The Director of Finance confirmed that the executing agencies had been consulted on the general approach to an in-depth study on the role of experts in technical assistance.

Decision of the Governing Council

291. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

- (a) Took note of the note by the Administrator on recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/223);
- (b) Further took note of the opinions expressed in the Budgetary and Finance Committee with regard to the two proposals contained in that note;
- (c) Endorsed the general thrust of the proposal for an in-depth study of the role of experts in development assistance as outlined in that note;
- (d) Stressed the importance of giving special emphasis in the in-depth study to the feasibility and modalities of innovative approaches to the provision of expert services and particularly to alternatives to the traditional use of experts;

(e) Further stressed the need to involve the recipient countries actively in the in-depth study;

(f) Requested the Administrator to consult with the Joint Inspection Unit in order to determine the conditions and modalities for the Unit to assume the main responsibility for the study;

(g) Further requested the executing agencies and the International Civil Service Commission to co-operate with the Administrator in the study and to give priority attention to any requirement that may arise from it;

(h) Authorized the Administrator to provide, from the Programme Reserve, and upon the request of the Joint Inspection Unit, an amount of up to \$100,000, if such resources should prove necessary to the successful completion of this study;

(i) Requested the Administrator, after consultations with the Joint Inspection Unit, to present to the Council at its twenty-fourth session, a detailed work programme for the proposed study for further review by the Governing Council;

(j) Requested the Joint Inspection Unit to complete this study as early as possible so as to permit the Administrator to transmit the report to the Council at its twenty-sixth session in June 1978.

E. AUDIT REPORTS

292. The Director of Finance introduced item 9 (f) in the Budgetary and Finance Committee. He stated that the UNDP accounts for the year ended 31 December 1975 had been prepared in the format approved by the Governing Council and submitted to the General Assembly at its thirty-first session. The accounts as contained in document A/31/7/Add.1 11/ had been discussed by the Fifth Committee and adopted by the General Assembly at its thirty-first session. They were transmitted to the Council by a note by the Administrator (DP/230). The Director pointed out that the comments of the External Auditors for 1975 and the Administrator's response to those comments were contained in the same document, as required by the Governing Council. Attention was directed to paragraphs 22 and 23 of the Auditor's comments, which required a specific decision by the Council. The individual accounts of the participating and executing agencies and the reports of their External Auditors on those accounts were contained in document DP/230/Add.1 and Corr.1. The Director also informed the Committee that UNDP had asked for and obtained from the participating and executing agencies additional clarification in response to a number of the observations and comments made by their External Auditors on the reports on projects financed by UNDP.

Summary of discussion in the Committee

293. In the discussion that followed, one member pointed out that, under article XII of the Financial Regulations and Rules of the United Nations, the scope

11/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 7A.

of the audit included the requirement that the Board of Auditors "may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization" and requested that the Board of Auditors give attention to that requirement in future years.

294. Other members stated that the audit reports on the accounts of the agencies raised substantive issues, particularly with regard to project management, and referred in particular to the Auditors' comments regarding a breakdown of the project management system in FAO and the comments of the UNESCO Auditors with regard to the problems connected with the Experimental World Literacy Programme. Other members regretted that so little time was devoted to the discussion of agency audit reports and expressed the view that the Council should learn to benefit more from those reports. The documentation before the Committee contained certain observations regarding the lack of planning and co-ordination by the agencies in the execution of UNDP projects and representatives of the agencies were requested to respond in more detail to those comments by the Auditors.

Observations by the Administration in the Committee

295. The Director, in responding to the comments of members, stated that the Board of Auditors had indeed instituted a new procedure from 1977 whereby they would, while continuing "transaction auditing" shift its emphasis to "system-based auditing". Under that approach, in addition to identifying irregularities in financial transactions in the traditional way, the Board would also formulate recommendations to the United Nations officials concerned and check on the implementation of their recommendations.

296. In response to a question on the FAO Project Management System, the representative of FAO stated that studies were under way in FAO to institute an improved information system for efficient project management. Recommendations were being formulated for a computer base system which would provide information on:

(a) Financial and budgetary control on a project-by-project basis to show performance against yearly targets as well as total funds set aside for projects. Reports on a monthly, quarterly and yearly basis would be generated for various levels of management including project managers and country offices;

(b) Vacant posts to improve recruitment by identifying vacancies, progress in filling each vacancy and for matching existing vacancies against available field staff; and

(c) Monitoring of individual projects, including data on projects in the pipeline, ongoing projects and projects being completed.

Reports would be generated to show progress of individual projects, groups of projects, project components, revisions of projects and the production of reports on project completion.

297. The representative of FAO stressed that FAO's internal management information system must serve the organization's trust fund programme as well as its UNDP-financed programme, and, to the extent that the accounting, budget, and other basic systems were involved, consistency with FAO's regular programme must also exist. He

referred to the system of "project task forces" introduced in FAO three years before, before, whereby for each individual project a project support officer, assisted as appropriate by a representative of the technical sector, of the programming sector, of the reports unit, and of the relevant administrative services, form a team to monitor the project from its birth through its completion and to identify, and see to it that action is taken on, any obstacles to regular operations.

298. As regards the data flow between UNDP and FAO, the Committee was informed that FAO submitted regularly, inter alia, the following data:

- (a) Monthly funds situation reports;
- (b) Monthly cash requirement forecasts for the next three months in main currencies;
- (c) Monthly cabled information on year-to-date delivery, broken down by UNDP source of fund and by country;
- (d) Quarterly delivery forecasts covering the next four quarters, broken down by source of funds.

299. The representative of UNESCO, responding to questions from members of the Committee regarding the comments of the External Auditors on the Experimental World Literacy Programme contained in paragraphs 10 to 16 of document DP/230/Add.1, stated that, as some of the issues raised by the Auditors were of a very technical nature, all the information was not available in New York, but he was providing the most important facts. As stated in paragraph 10 of DP/230/Add.1, UNDP and UNESCO appointed jointly a group of experts which conducted a global evaluation of the Experimental World Literacy Programme. That report was issued last year under the title The Experimental World Literacy Programme - a critical assessment. The representative of UNESCO added that it was the first evaluation report issued jointly by UNDP and UNESCO. In paragraph 12 of their report, the Auditors had drawn attention to the shortfall in the number of those made literate as compared with original objectives. However, UNESCO considered that quantitative aims assigned to the pilot projects did not constitute in themselves a goal in the sense of a controlling factor. The quantitative aims were subordinate to the demands of the experiment, in so far as it was a matter of reaching a sufficiently large and diversified sector of a population (in terms of socio-professional categories) for the results of the experiments to seem significant. In that perspective, the number of new literates compared adequately with that expected in the objectives fixed from the outset of the programme.

300. In paragraphs 14 and 15 of their report, the Auditors had raised the question whether the benefits derived from the programme were commensurate with the costs incurred. As stated, the estimated cost per final participant in literacy training projects had varied from \$10 (United Republic of Tanzania) to \$272 (Sudan). It should be noted that costs per successful participant were much higher than costs per enrolled participant because of the high dropout rate. It was also interesting to note that the lowest per capita costs appeared to have been achieved in projects reaching the largest audiences. Algeria, Ethiopia, Iran, Mali and the United Republic of Tanzania, the countries with comparatively low total costs, respectively reported the following numbers of candidates for final tests: 38,784; 21,722; 46,239; 50,000 (approximate); and 293,586. Conversely, countries with relatively higher total per capita costs - Ecuador, Madagascar and the Sudan -

had a rather smaller number of final candidates - 9,988; 3,826; and 2,363 respectively. In general, it could be said that the wide range of per capita costs was due mainly to the fact that the figures covered an eight-year time-span, and also to the contrast between costs in rural as opposed to urban settings and to the enormous socio-economic and cultural differences among the countries involved. UNESCO believed that the assessment of an educational process generally escaped strict monetary criteria; its cost could not be calculated only in terms of immediate financial benefits; non-financial and long-term benefits must also be taken into consideration. Some of the conceptions, modalities and tools of the Experimental World Literacy Programme had influenced the most recent educational approaches, both formal and non-formal, as well as the training of educational personnel. Ten years after the beginning of the Experimental World Literacy Programme, countries directly concerned with the programme were carrying out relevant innovative programmes in literacy and adult education on a national scale.

301. In conclusion, the representative of UNESCO said that UNESCO firmly believed that the impact of the programme on further educational action should be viewed in a perspective wider than that confined strictly to the result of the 11 projects. Whatever the controversy surrounding the programme had been, much had been gained in experience and methodological approaches and techniques which UNESCO had every intention of using in its future assistance to developing countries.

Decision of the Governing Council

302. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of document DP/230 (transmitting document A/31/7/Add.1). 12/ and of document DP/230/Add.1 and Corr.1 containing the accounts and audit reports of UNDP and the participating and executing agencies as at 31 December 1975 and the comments and observations expressed by the Committee thereon;

(b) Approved the accounts and audit reports as contained in the documents referred to above;

(c) Requested the Administrator to take such remedial action as may be required by the comments made by the External Auditors in their reports and those expressed by members in the Budgetary and Finance Committee;

(d) Further requested the Board of Auditors in its future reports on UNDP to include observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the organization.

F. CUSTODIANSHIP OF UNDP FUNDS

303. In introducing item 9 (e) in the Budgetary and Finance Committee, the Director of Finance stated that the decision of the Council on the matter at its twenty-second session (DP/193) was promptly transmitted to the Secretary-General and ACABQ. He added that the replies received from the Secretary-General and ACABQ had been distributed to members of the Council (DP/236/Add.1). As ACABQ had

12/ Ibid.

been in the last days of the session of the General Assembly, it had not been in a position to respond to the request of the Council for its views on the subject. The Chairman of ACABQ had suggested that, should the Council be prepared to defer consideration of the question of custodianship of UNDP funds until its twenty-fourth session in June 1977, ACABQ would provide its report in time for consideration by the Council.

304. The Director said that the Administrator had hoped that the current session of the Council would have been an opportune time to discuss and resolve the matter. However, in the light of the letter received from the Chairman of ACABQ, the Administrator would propose that the subject be deferred until the next session of the Council.

305. One member stated that the subject of custodianship had been under discussion for the past several years. He regretted that the Council now had no alternative but to go along with yet another deferral. He suggested that, in its review, ACABQ should address itself to the question of why custodianship should not be transferred rather than why custodianship should be transferred. He emphasized that the decision of the Council on the subject should take into account the effects that continued custodianship outside of UNDP had had and could have on the management of UNDP resources and its programme.

306. Several members felt that the decision of the Council should not be weighted in any direction. ACABQ was a neutral body and its report would give an impartial and objective analysis of the custodianship problem.

Decision of the Governing Council

307. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of the report of the Administrator contained in documents DP/236 and Add.1;

(b) Decided to defer consideration of the custodianship of UNDP funds to the twenty-fourth session of the Governing Council.

G. INTER-AGENCY PROCUREMENT SERVICES

308. Under agenda item 9 (d), the Budgetary and Finance Committee had before it for consideration document DP/234, which reported on the results of the Administrator's investigations with regard to the establishment of an experimental central procurement facility. Introducing the item, the Assistant Administrator, Bureau for Special Activities, reviewed briefly the results of the first meeting of the Working Group on Inter-Agency Procurement Matters, which met in December 1976 to consider the question of consolidated procurement. It was attended by representatives of the United Nations, the ILO, FAO, UNESCO and WHO. He observed that while there had been general agreement among members of the Group that more needed to be done within the United Nations system in support of co-operative efforts in the procurement field, they had at the same time sought to caution against the possibility of creating additional machinery which could have negative

and even counterproductive results. In that context, he disclosed that preference had clearly been expressed by the Group for the term "interagency procurement services" which more appropriately described the envisaged consolidated procurement activities than did the designation "global procurement"; in his view, "global procurement" seemed to imply the setting up of a large bureaucratic mechanism that would interfere with agency action and UNDP approaches.

309. Subject to Governing Council approval, UNDP had agreed to be the focal point for the necessary interagency studies in order to determine whether cost savings or other benefits could be derived by the agencies in the United Nations system from two large-scale efforts, i.e. (a) procurement by the agencies through existing machinery of selected common user items of equipment/supply by means of the establishment of open-end contracts with sources agreed upon through interagency consultations and co-operation and (b) procurement by agencies of selected specialized items of equipment/supply through a "lead agency" that was defined as an agency procuring the major portion of the specialized items and therefore highly qualified to determine optimum procurement policies and procedures for such items. It was also thought that UNDP might well lead further interagency studies to determine whether there should be a central research and development activity which could effectively devise methods that would permit the agencies more effectively to examine possibilities for: utilizing international sources of supply (e.g. sources in developing and other countries which had not had sufficiently broad opportunities for participation heretofore); utilizing certain resources that the Programme had not been able effectively to utilize before (e.g. non-convertible currencies). Further, the Working Group had considered that studies might be undertaken to determine methods for sharing information among agencies to permit joint action to effect cost savings or other improvements in current procurement activities. As a preliminary step to the initiation of those studies, the agencies had agreed to supply UNDP by 15 March 1977 with data on their major suppliers and on the equipment procured for the years 1975 and 1976, which in the opinion of the reporting agency would be candidates for possible listings of common user items. Finally, it was agreed that, on the basis of an analysis of the initial data provided by the agencies, the Working Group would reassemble in April 1977 to determine what, in fact, constituted common user items within the United Nations system, and to pursue in a more definitive way other prospects for research and co-operative study with regard to the question of consolidated procurement.

310. The Assistant Administrator informed the Committee that UNDP, as the focal point for the various studies, was having to invest some time and a small amount of financial support for that purpose, and that a small existing staff in the UNDP Office for Projects Execution (OPE) had been assisting in that effort. In that regard, he alluded to the fact that the reference in paragraph 6 of document DP/234 to the retention by OPE of the services of a consultant for the proposed project was somewhat misleading. OPE had, in fact, been utilizing fairly continuously the services of a highly qualified consultant for technical advice and assistance on large-scale procurement operations and only a minor portion of his time and services had been devoted to assisting in the interagency effort. Lastly, he indicated that the Administrator was prepared to report to the Council at its June session on the results of an initial analysis of the data in hand together with the conclusions of the agencies with regard to those studies.

Summary of discussion in the Committee

311. Many members noted with appreciation the Administrator's response to the request of the Governing Council at its twenty-second session for further studies of the concept of centralized procurement. They welcomed the increased communications and co-operation between the agencies and UNDP in that regard.

312. Several members expressed the hope that the proposed studies would take into account the new dimensions and technical co-operation among developing countries so as greatly to improve the participation of developing countries in the functions of procurement and supply. At the same time, the view was expressed that more equitable procurement patterns must not be achieved at the expense of the quality and integrity of the Programme. Other members recalled that the question of global procurement had been under review since 1972 and therefore urged that the various studies proceed with all due haste, with a view to implementing the pilot demonstration scheme at the earliest opportunity.

313. A few members, while supporting the formation of the Working Group, suggested a cautious approach to centralized procurement in order to avoid certain risks involved in the stocking of supplies, such as the deterioration of equipment awaiting delivery, which could prove costly in the long run. It was also regretted that no estimates of the financial implications of the studies had been provided in the document. One member suggested that central procurement services could contribute to, among other things, a better utilization of accumulated non-convertible currencies. A few members indicated their opposition to any measure which would give priority or preference to donors of accumulated non-convertible currencies to use them under such a scheme.

314. Several members strongly stressed that all interested agencies should have the opportunity to participate in the Inter-Agency Working Group. Particular interest was expressed that UNICEF, with its long years of experience in that field, would be associated in the study and, if appropriate, would deliver a special report on its experience to the next session of the Governing Council.

315. Emphasis was placed on the need to take into account the general trend of decentralization in the United Nations development system in any centralized scheme envisaged. In that regard, one member hoped that such a system would not interfere with the resident representative's authority or his close co-operation with the recipient Government in the procurement of equipment.

316. Considerable concern was expressed by a few members over the possibility of creating another bureaucratic body which would not respond to the goal of improving the efficiency, in both cost and timeliness, of the current procurement services. In that regard, members wished to have more information regarding the costs and time-table for implementing the proposed studies.

Observations of the Administration in the Committee

317. The Assistant Administrator informed the Committee that formation of the Working Group on Inter-Agency Procurement, with initial membership of limited size, was authorized by IACB in October and had the blessing of all the executive heads of the agencies. He assured the Committee that all agencies would be given full opportunities for participation in the studies in due course. In particular, UNICEF would be invited to give advice and assistance.

318. He pointed out that the staff work for the studies would be carried out mainly by existing UNDP and agency personnel, particularly since the real expertise in the matter was to be found in the agencies themselves. The costs of the study as well as a detailed work plan would be forthcoming from the April meeting. Noting the concern of some members regarding the need for increased participation of the developing countries in the field of procurement, the Assistant Administrator indicated that one of the main preoccupations of the Working Group would be to explore new ways of exchanging information and seeking opportunities to utilize new sources of supply that heretofore had not had the opportunity to participate fully in procurement activities.

319. In summing up, the Assistant Administrator noted that if the Committee agreed to the proposal before it, costs in 1977 could be kept to a minimum through the use of existing resources. At the June session of the Council, more complete details, including a work plan and future costing, would be available to the Committee as a result of the Working Group's meeting in April.

Summary of further discussion in the Committee

320. One member, associating himself with the favourable views of other members concerning the proposal, also expressed his delegation's strong views concerning the importance of the increased use of developing countries in the procurement of equipment. Another member reiterated his delegation's view that procurement should not be based on the type of currency available, but rather on the quality, price and timing of delivery. His delegation doubted the merits of global procurement but supported a study of the economic impact of such a system, and hoped that the results would clarify the economic validity of such a system.

321. One member indicated that it would be useful to have a written analysis of the study, with emphasis on the agencies' experience in regional and interregional purchasing.

Further observations of the Administration

322. The Assistant Administrator assured the Committee that the concept under which the Working Group was proceeding did not envision a centralization of procurement services through the establishment of a large agency to subsume the general procurement functions carried out in the system. The new approach, with the full co-operation of the agencies, would be to work together to select those commodities that could be procured with advantage on a consolidated basis.

Decision of the Governing Council

323. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of the report of the Administrator on consolidated procurement (DP/234) and of the additional information furnished by the Administrator to the Budgetary and Finance Committee;

(b) Requested the Administrator to continue preliminary studies of the matter in co-operation with the executing agencies and with the assistance of the Working Group on Inter-Agency Procurement Matters, taking into full account the views and observations expressed in the Budgetary and Finance Committee at the twenty-third session;

(c) Requested the Administrator to prepare a detailed progress report and time-table for the future work on the study, with estimates of all costs to be encountered by UNDP in connexion with the activity in 1978, together with proposals for their financing, for consideration by the Council at its twenty-fourth session;

(d) Decided to inscribe the matter on the agenda of the twenty-fourth session of the Council under the heading "Inter-Agency Procurement Services".

H. UNDP FINANCIAL REGULATIONS AND RULES

324. Under item 9 (g) of the agenda, the Budgetary and Finance Committee had for consideration document DP/221/Add.1, which contained the proposed changes in the UNDP Financial Regulations and Rules to provide for government execution of UNDP projects.

325. The Director of Finance introduced the item and informed the Committee that the proposed changes had been provided in response to a request made by the Governing Council at its twenty-second session, when it considered the question of government execution of UNDP projects. He further pointed out that a review of the existing Financial Regulations and Rules revealed that, with the exception of Regulations 13.1 and 13.3 and Rule 101.1 (f), no major changes were necessary to provide for government execution of UNDP projects.

Summary of discussion in the Committee

326. Following a brief discussion and a number of clarifications given by the Director of Finance, the Committee adopted the revisions proposed by the Administrator.

Decision of the Governing Council

327. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Approved the revision of Financial Regulations 13.1 and 13.3 as proposed in document DP/221/Add.1, to read as follows:

"Regulation 13.1: Arrangements for the execution of projects, including projects to be executed by the requesting Government, shall be subject to the approval or acceptance of the requesting Government or Governments, and shall be specified in agreements with each of those Governments."

"Regulation 13.3: Under conditions established by the Governing Council, the Administrator is also authorized to contract for the services of other agencies, private firms or individual experts in the execution of projects and to assign projects to a Government, a governmental institution or governmental agency for execution. The Administrator shall issue appropriate rules to implement this Regulation."

(b) Took note of the revision of Financial Rule 101.1 (f), which would be promulgated by the Administrator, to read as follows:

"Rule 101.1 (f): Executing Agency means an international organization or institution, a Government or governmental institution or governmental agency when executing technical assistance activities on behalf of UNDP."

VII. UNITED NATIONS FUND FOR POPULATION ACTIVITIES

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

(a) A note on the top organizational structure of UNFPA and related post requirements (DP/235 and Add.1);

(b) A report on the application of criteria for establishing priorities (DP/232);

(c) Proposed large-scale projects and a country agreement (DP/FPA/6 and Add.1-6);

(d) A report on the implementation of UNFPA projects in 1975 (DP/228);

(e) A request to transfer credits among appropriation sections in the 1976 UNFPA administrative budget (DP/241);

(f) Audit reports (DP/226 and Corr.1 and Add.1).

329. The request to transfer credits among appropriation sections in the 1976 UNFPA administrative budget and the audit reports were considered by the Budgetary and Finance Committee, which reported thereon to the Council (DP/L.313/Add.1) (see paras. 366-370 below).

Consideration by the Governing Council

330. Introducing the item, the Executive Director of UNFPA explained that pledges to the Fund in 1976 totalled about \$79 million, an increase of 24 per cent over 1975. With carry overs, interest from reserves and temporarily held payments added, UNFPA had been able to issue programme and administrative allocations totalling \$87.3 million. The operational reserve of \$20 million had been preserved intact and no supplemental appropriations for the 1976 administrative budget were required. UNFPA had remained within the self-imposed limitation of 5 per cent for administrative overheads, or 7 per cent if field staff was included. No additional posts had been requested for 1977. He hoped that 1977 resources would reach \$95 million as foreseen by the Council at the twenty-second session. The prospects were good in view of indications of increased pledges by a number of countries.

331. He said that, following comments made in the Council, the question of infrastructure support had been discussed with the Executing Agencies and infrastructure posts had been more clearly defined. Consultations were continuing with a view to gradually reducing UNFPA infrastructure support to the agencies; some had already made considerable efforts to absorb those costs. He would report on the question at the twenty-fourth session.

332. The Executive Director noted that, even with increased pledges, requests for assistance continued to outstrip resources. UNFPA was dealing with the gap by defining priorities more clearly and by further exploring the possibilities of

multi-bilateral funding. Since the Council had approved, with some modifications, the priorities set out in document DP/186 and Corr.1 at the twenty-second session, the Economic and Social Council had endorsed the five principles for future allocation of UNFPA resources and, subsequently, the General Assembly had approved the principles and criteria. In accordance with the decisions taken at the twenty-second session, he was now submitting a report on the application of criteria for establishing priorities (DP/232) which would result in a group of 40 priority countries. The designation of such a group, however, would not preclude other countries from receiving UNFPA assistance; at least one third of all resources would still be appropriated to non-priority countries, and UNFPA intended to stand behind all commitments previously made. Since a large portion of resources for 1978 and 1979 had already been committed, the application of the high priority country concept would be a gradual process. UNFPA would also bear in mind that some donors might wish to earmark contributions for selected countries.

333. UNFPA had also further developed the concept of minimum population programmes, and consultations were under way with some of the high priority countries on the establishment of such programmes.

334. UNFPA had discussed future plans for intercountry activities with the Executing Agencies. Consultations were continuing in 1977 and a report would be submitted at the twenty-fourth session.

335. After the Council had given interim approval to UNFPA's proposals for multi-bilateral funding, the question had been further pursued with donor countries and organizations of the United Nations system. A further, more detailed proposal would be submitted to the Council at a later stage. Meanwhile, progress had been recorded with actual multi-bilateral arrangements launched in Mexico and the Solomon Islands and two more under discussion for Jamaica and Bangladesh. The experience so far indicated that such arrangements should not only be contemplated for large-scale projects as originally proposed, but also for smaller ones. He requested the Council to authorize him to proceed accordingly.

336. The Executive Director noted that the General Assembly, in addition to endorsing the principles for the allocation of UNFPA resources, had stated that the Fund had become a more effective and viable entity, and had called on Member States to increase their contributions. It had also urged continued full collaboration and co-operation on operational matters between UNFPA and UNDP; he was able to state that his co-operation with the Administrator of UNDP continued to be close and harmonious.

337. Turning to the implementation of UNFPA projects, he noted that document DP/228 showed an implementation ratio of 78.3 per cent in 1975, about the same as in 1974, in spite of a volume of total project expenditures which was 20 per cent higher. Though firm figures for 1976 were not yet available, it was expected that the ratio would continue at the current reasonably satisfactory rate. In 1976 UNFPA had introduced a new monitoring system and annual reviews of programmes as part of the new system had been held in several countries having large-scale agreements with UNFPA; during the year 25 tripartite project reviews had also been carried out. The monitoring system was being further refined and improved.

338. The Executive Director then introduced the country agreement and large-scale projects, some of which were second or third phases of previously approved projects, and the relevant documents which contained reviews of work carried out to date.

339. Among other highlights of recent UNFPA activities, the Executive Director listed discussions which were taking place on training programmes in demography at Moscow University; the publication, with UNFPA support, of a study by the Worldwatch Institute entitled Twenty-two dimensions of the population problem, which had been printed in seven languages in a total of 125,000 copies; and the issuance of guidelines by a task force set up in UNFPA on the integration of issues concerning women into UNFPA's programme development and implementation.

340. Turning to the top organizational structure of UNFPA and related post requirements, the Executive Director suggested that the Council authorize the post of one Deputy Executive Director at the Assistant-Secretary-General level, and two posts of Assistant Executive Directors to act as heads of the Project and Programme Planning divisions respectively. The advantages would be a clear chain of command with the two division heads reporting to a single Deputy Executive Director. He strongly recommended approval of the new organizational structure and the accompanying reclassifications, as set out in document DP/235/Add.1.

Summary of discussion

341. Members of the Council in general expressed satisfaction with the Fund's performance, and several members commented favourably on its continued sound financial situation and financial restraint. A number of developed countries announced increased pledges for 1977 and following years. Members from developing countries voiced hope for continued increases in contributions and several recipient countries expressed appreciation for the assistance rendered by UNFPA.

342. The need to integrate population assistance closely with over-all assistance for economic and social development was stressed by many members. While many members were gratified by the increasing proportion of UNFPA resources going to family planning projects, one member voiced objections to that trend. The sovereign right of States to formulate population policies was emphasized by many members.

343. Satisfaction was expressed by a number of members over the close and harmonious co-operation between UNFPA and UNDP, acknowledged both by the Administrator of UNDP and the Executive Director of UNFPA.

344. While all members supported the Executive Director's proposals for restructuring UNFPA's top management, stressing the need for a clear line of command through one Deputy Executive Director and for close co-ordination between planning and project preparation and implementation, some felt that the proposals should have been submitted earlier and should have been discussed in the Budgetary and Finance Committee or possibly in ACABQ. One member agreed with the restructuring but was reluctant to accept the reclassification of posts.

345. The Council endorsed all the project proposals submitted by the Executive Director. Regarding the World Fertility Survey programme, the view was expressed that emphasis should be on its benefit to countries. One member felt that, while the UNFPA contribution to the Survey for the next two years should be approved, no commitment need be made beyond that period considering the projected time span for the project.

346. One member stated that the project documents did not contain information which made it possible for members of the Council to understand the financial as well as substantive implications of the projects, or information on projected commitments for future years which would help members to understand the impact of their decisions on projects in programme terms. The proposed programme in Egypt (DP/FPA/6/Add.5) was a case in point. A commitment of \$10 million for five years might be too far-reaching, and was hardly consistent with the view expressed by the Executive Director that UNFPA support should be limited to shorter periods in order to release funds for priority countries. Country agreements limited to three years would provide sufficient stability and flexibility.

347. One member voiced surprise over the planned training programme in demography in the Soviet Union announced by the Executive Director. He pointed to the budgetary restraint experienced by the existing regional demographic centres and felt that a formal project proposal should have been submitted indicating the length of the programme in the Soviet Union, the substance of the training, criteria for the selection of trainees and the source of funding. However, two members stressed the importance of the proposed programme for developing countries; they stated that it would not overlap with the activities of the existing centres, and that a large portion of the expenses would be covered by the Soviet Union.

348. Members voiced satisfaction with the continuing high implementation rate of UNFPA projects shown in document DP/228 and hoped that it would be maintained. Some, however, stressed the need for improving qualitative implementation and requested the Executive Director to submit reports on that aspect. In that context, the need to improve evaluation was emphasized. One member, speaking on behalf of African countries receiving UNFPA assistance, noted the relatively low implementation rate in that region and urged a concerted effort by UNFPA, the Executing Agencies and ECA to utilize UNFPA resources to the maximum, also through an intensification of the information effort so as to heighten awareness of population problems in Africa.

349. Council members endorsed, in general, the recommendations in the Executive Director's report on the application of criteria for establishing priorities in the allocation of UNFPA resources (DP/232), especially the proposed designation of priority countries for population assistance and the establishment of minimum population programmes in countries. The majority of members urged a speedy but flexible application of the criteria and several urged caution in approving new projects which might delay the process of establishing priorities. One member urged that the policies concerning country agreements be reviewed to ensure that the criteria for priority setting were implemented.

350. Several members endorsed the reduction of the priority countries list from 54 to 40 by applying revised threshold levels for demographic indicators. One member, however, felt that the indicators should be further refined, and he stressed the importance of the indicator of infant mortality. He noted that many island countries with small populations were still excluded. Some members expressed concern over the small proportion of resources eventually to remain for assistance to non-priority countries and stated that programmes in countries outside the priority list should not be abruptly terminated. The general view was that the designation of priority countries should be carried out gradually. Several members urged that the list of priority countries be periodically reviewed and that the designation of priority countries not preclude others from obtaining UNFPA assistance.

351. There was general endorsement of the Executive Director's proposal to apply, eventually, two thirds of the Fund's resources for priority countries for population assistance. One member urged that assistance to most seriously affected countries not be neglected. Several members emphasized that the concept of assistance to disadvantaged population groups be heeded. One member questioned the wisdom of designating priority countries for population assistance at all, while another felt that UNFPA might adopt long-term country programming similar to that of UNDP. Another member cautioned that some of the countries designated as priority countries for population assistance might not be keen on receiving UNFPA assistance, and that maintaining a firm list of priority countries might not be compatible with the need for flexibility. In general, however, UNFPA's intention to concentrate its resources in countries with the most urgent population needs was endorsed.

352. The establishment of minimum population programmes was generally supported by several members who urged their early preparation. One member requested that UNFPA set up a schedule for establishing minimum programmes and not delay that exercise by excessive studies and analysis. One member emphasized the sovereign right of recipient countries to decide on the type of population assistance they need and urged UNFPA not to formulate such programmes unless explicitly requested. It was also urged that minimum programmes should not slow down the implementation of ongoing projects. Another member felt that the Council was embarking on the concept of minimum programmes without yet knowing all the implications of that ambitious scheme. Another urged that in minimum programmes lower priority should be assigned to areas where technical competence already existed. One member felt that the main criterion for programmes should be whether they were reaching the family unit. One member felt that more emphasis in resource allocation within minimum programmes should be given to activities which would help countries solve their problems through social development rather than through birth control programmes. In that connexion, information was requested on what medical supervision WHO was exercising over the contraceptive methods applied by UNFPA.

353. One member urged that a higher proportion of UNFPA resources be assigned to Asia. Another requested that UNFPA differentiate among regions and satisfy the urgent needs of Africa, especially in training. Special attention to the newly independent countries of Africa was also urged.

354. Members expressed satisfaction over the increased proportion of UNFPA resources assigned to country projects. Several, however, stressed the importance of regional projects, especially in the field of research and training beneficial to individual countries. One member said that allocations to intercountry projects should reflect country needs and that the same set of criteria for priorities should be applied for country and intercountry projects. Projects relating to the study of migration were urged by several members. One member felt that the control of migration should not be treated solely as a problem but also as an instrument of population policy. Other points made in that context were that support should be given to those intercountry activities which were requested by countries, that no pre-allocation of funds among agencies should take place, and that intercountry projects should eventually develop into country programming. Several members stated that they looked forward to a report on the review of intercountry activities to be submitted by UNFPA to the Governing Council at its next session. Several members urged that UNFPA support to the WHO expanded research programme on human reproduction be continued.

355. On the question of infrastructure support to UNFPA's Executing Agencies, one member urged that the population staff of those agencies be fully absorbed by their regular budgets. UNFPA was requested to report on the matter at the next session of the Council.

356. General approval was voiced with the arrangements UNFPA had launched for multi-bilateral funding of projects. Support was expressed for the suggestion that such arrangements should also be undertaken for smaller projects. Some members urged that that should be only a means for obtaining funds not otherwise available to UNFPA and that UNFPA should aim primarily at obtaining direct contributions; it should not spend too much time with a great number of time-consuming multi-bilateral ventures. One member stated that, in the carrying out of multi-bilateral schemes, the Executive Director should make sure that no countries were discriminated against. UNFPA was urged to approach multi-bilateral arrangements in a pragmatic and flexible manner.

Observations by the UNFPA Administration
in the Governing Council

357. The Executive Director expressed appreciation for the pledges made to UNFPA during the discussion of the item. As a result, total pledges amounted to \$63.8 million; several countries had increased their pledges considerably. Other anticipated pledges would bring the amount to some \$84 million, and with earnings from reserves and pledges from developing countries, a total of \$87 million would be reached for 1977. That would still be short of the target approved by the Council - \$95 million - but he would exert his utmost efforts to reach that target through additional fund raising.

358. Responding to points made in the discussion, he said that UNFPA fully realized the problem of unevenness among the various regions and the need for flexibility in the assessment of regional needs. He said he would look into the possibility of adjusting the support for ECA. The question of support to regional demographic centres, particularly to those in Africa, would be taken up as part of the report on intercountry activities to be presented at the next session. He assured the African countries that no country could be denied UNFPA assistance. Before making final arrangements on the application of priorities, UNFPA would study the comments made at the twenty-third session and attempt to reconcile the various views expressed.

359. The Executive Director stated that, in UNFPA's experience, the sophistication of developing countries in terms of utilizing technical assistance had grown considerably. It was clear that they could absorb a much greater degree of assistance than in the past. Also, countries were able increasingly to generate programmes from their own institutional resources. He intended to give the Council an overview of seven years' experience with population assistance at the next session. While setting priorities, UNFPA was not losing sight of the unevenness among regions; he foresaw more requests coming from Africa in the next two years, and a more dynamic development of progress in Asia.

360. Regarding the suggestion that ACABQ consider his proposals for restructuring before the Council made a decision; he noted that ACABQ had considered the matter in 1975 and 1976. At its twenty-second session, the Council had postponed its decision on his proposals, and had requested that he submit an analysis of the top management structure, which he had now done.

361. The Deputy Executive Director, Policy and Programme Development, noted the general support given to the proposals made in document DP/232. UNFPA had also taken note of the request by several members that the criteria for the priorities be put into effect immediately. The feeling was expressed by some members that document DP/232 was somewhat vague on the urgency of implementation but he could assure the Council that UNFPA was giving it the highest priority.

362. He also agreed with the need for flexibility in the application of the criteria, and stated that the list of priority countries was not an exclusive list. The 40 countries were currently receiving nearly 40 per cent of UNFPA resources and the level of two thirds of resources for priority countries could only be reached gradually. The reason for setting the two-thirds ceiling was precisely to ensure that resources would be available to non-priority countries. It was not UNFPA's intention to set aside funds exclusively for use in priority countries but merely to ensure that sufficient funds would be available for meeting those countries' minimum requirements. The two thirds proposed for priority countries would not include provisions for country components in regional programmes, since UNFPA assistance to non-country projects had been kept separate from assistance to countries.

363. As to concern voiced over the revised threshold levels of demographic indicators, especially the one of infant mortality, the Deputy Executive Director stated that the levels had been raised for all of them because members had requested that the Fund's resources be further concentrated in priority countries with urgent population problems. Countries with lower infant mortality levels were not necessarily excluded from the priority list; actually 27 of 40 countries were in that category. As to island countries, there were four in the current priority list which had not been in the original list. To include more would be difficult since more than half of them had a per capita income level at about the threshold level.

364. He summarized the position on priorities resulting from the discussion as follows: the gap between UNFPA resources and requests for assistance had led the Council to approve criteria for setting priorities which were subsequently endorsed by the Economic and Social Council and the General Assembly; future assistance would be provided in accordance with the five general principles adopted by those organs, aiming in particular at meeting the greatest needs in population assistance, at promoting self-reliance and at giving special attention to disadvantaged population groups; UNFPA resources would be devoted mainly to core activities, particularly projects needed for, or connected with, policy formulation and implementation; minimum programmes would be developed in countries in co-operation with the Governments concerned, and both in priority countries and other developing countries projects within minimum programmes would be given high priority; up to two thirds of UNFPA resources would be apportioned for minimum programmes in selected priority countries; the concept of priority countries would be applied flexibly and their list would not be exclusive since all countries in principle were entitled to UNFPA support; application of the criteria approved at the current session would yield a list of 40 priority countries, and the list would be revised periodically in the light of experience and new data; resources available for non-priority countries would be allocated mainly to satisfy minimum needs and in order to foster self-reliance; current commitments, including country agreements, would be fully honoured, and only when those commitments expired would it be possible to implement fully the established

priorities; and allowance would be made for multi-bilateral funding arrangements, funds-in-trust and other methods for supplementing regular UNFPA resources.

365. The Deputy Executive Director, Operations, responding to comments, said that wherever a decline in the implementation rate was apparent from document DP/228, it was in cases where large new allocations had occurred in 1975. As to multi-bilateral arrangements, he said that it was UNFPA's hope that the solicitation of such funds would not affect over-all contributions on a multilateral basis. In that context, he noted that the percentage of projects undertaken by UNFPA on a multi-bilateral basis was very small. UNFPA would take care that such arrangements did not lead to discrimination against any country.

Consideration by the Budgetary and Finance Committee

Budget transfers

366. The representative of UNFPA introduced item 11 (e) in the Committee and stated that, while UNFPA would require no supplementary funds for administrative and programme support services for 1976, there was a need to transfer credits among the appropriation sections of the 1976 administrative budget in order to meet unforeseen expenses which arose during the year. The Executive Director, therefore, requested the Governing Council's approval for the transfer of credits from section 1 - Salaries and wages to: section 2 - Common staff costs (\$30,000); section 3 - Travel and transportation (\$25,000); and section 5 - other general expenses (\$55,000).

367. One member suggested that future presentations of that kind include the amount of the total appropriation in each section for purposes of comparison.

Audit report

368. Introducing item 11 (f) in the Budgetary and Finance Committee, the representative of UNFPA stated that the UNFPA accounts for the year ended 31 December 1975 and the report of the Board of Auditors, together with the response of the Executive Director to the Board's observations, contained in document A/31/7/Add.7 ^{13/} and document DP/226/Add.1, containing the audited accounts of the Participating and Executing Agencies relating to funds allocated to them by UNFPA for the year ended 31 December 1975, were being presented to the Governing Council for approval.

369. One member inquired why the sum of \$5 million was shown as due to the United Nations as at 31 December for execution of UNFPA projects.

370. In response, the representative of UNFPA explained that the clearing of interfund accounts in 1975 was done on an infrequent basis. The account had actually been settled in February 1976 after the accounts for the year had been closed. In order to avoid that problem in the future, a separate UNFPA interfund account had been established in 1976 and settlements were now made on a monthly basis.

^{13/} Official Records of the General Assembly, Thirty-first Session, Supplement No. 7G.

Decisions of the Governing Council

371. At its 563rd meeting, on 1 February 1977, the Governing Council, taking into account the comments made during the consideration of item 11:

- (a) Approved the following projects and programmes in the amount of \$1 million or more, subject to the availability of funds, with the understanding that, where applicable, the amounts for the third and following years would, after a progress review, be resubmitted for approval:
 - (i) Country agreement with Egypt (DP/FPA/6/Add.5) in the amount of \$10 million for an estimated period of five years;
 - (ii) Support of the Government family planning programme in Thailand (DP/FPA/6/Add.1) in the amount of \$2,240,000 for two years;
 - (iii) Maternal and child health and family planning programme in El Salvador (DP/FPA/6/Add.3) in the amount of \$2,521,500 for four years;
 - (iv) Programme of medical services for maternal and child health and family planning in Mexico (DP/FPA/6/Add.2) for the remaining two years (phase II) in the amount of \$4,543,200;
 - (v) Maternal and child health programme in Colombia (DP/FPA/6/Add.4) for the remaining year (phase III) in the amount of \$1,317,200; and
 - (vi) World Fertility Survey (DP/FPA/6/Add.6) for an estimated period of five more years (phase II) in the amount of \$2,348,000 for two years;
- (b) Took note of the information supplied by the Executive Director on quantitative implementation of UNFPA projects in 1975 (DP/228) and requested the Executive Director to continue submitting reports on quantitative and qualitative implementation;
- (c) Took note of the Executive Director's report on the application of criteria for establishing priorities (DP/232); requested the Executive Director, taking into account the comments of the Council, to apply the recommendations set out in the report in a flexible manner, with due regard to the Fund's obligation to honour in full the commitments it had already entered into and the priority needs of all developing recipient countries; and requested him to report to the Council on further progress made in the application of criteria at appropriate intervals;
- (d) Took note of the Executive Director's statement on the top management structure of UNFPA; and authorized him to proceed in accordance with his recommendation in document DP/235/Add.1;
- (e) Took note of the information given by the Executive Director on progress made in multi-bilateral funding arrangements; and endorsed his suggestion that such arrangements be entered into also for smaller projects.

372. At its 565th meeting, on 4 February 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Approved the following transfer of credits among sections of the authorized 1976 UNFPA administrative budget:

	Increase (Decrease)
	US \$
Section 1 - Salaries and wages	(110,000)
Section 2 - Common staff costs	30,000
Section 3 - Travel and transportation	25,000
Section 5 - Other general expenses	55,000

(b) Took note of document A/31/7/Add.7 of the General Assembly 14/ and of documents DP/226 and Corr.1 and Add.1, containing the accounts and audit report of UNFPA and the Participating and Executing Agencies as at 31 December 1975 and the comments and observations thereon expressed in the Committee;

(c) Approved the accounts and audit report as contained in the documents referred to in subparagraph (b).

14/ Ibid.

VIII. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

373. Under item 10 of its agenda, the Governing Council had before it reports by the Administrator (DP/222) and by Participating and Executing Agencies and regional commissions (DP/222/Add.1-6), reviewing measures taken by them to implement the pertinent recommendations of the Working Group on Technical Co-operation among Developing Countries (TCDC) in its report (DP/69).

374. Under item 10, the Council also had before it a study on rules, regulations, procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships, prepared by a Senior Consultant in pursuance of General Assembly resolution 3461 (XXX), paragraph 3, on technical co-operation among developing countries (DP/229 (Vol. I and II)).

375. The item was referred for preliminary consideration to the Council's Committee on Technical Co-operation among Developing Countries, which met for the third time during the twenty-third session of the Governing Council.

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

376. In his opening statement to the Committee, the Administrator said that the main focus of attention in respect of TCDC at that moment was on preparing the United Nations Conference on Technical Co-operation among Developing Countries, for which he had been designated Secretary-General. On the substantive side, UNDP and, in particular, its Special Unit for TCDC constituted a vital part of the Conference secretariat. The importance of the Conference not only for the developing countries themselves but for the world as a whole could not be over-emphasized. It would provide a unique forum for discussion and agreement on collective ways of enabling developing countries to communicate their technical needs and capacities to one another more directly, to draw upon each other's experience and expertise more easily, to plan their development strategies more effectively and to build conditions of national and collective self-reliance more rapidly. The building of linkages between developing countries for promoting national and collective self-reliance would benefit not only the developing countries but the international community as a whole. He thought that the ideas and proposals generated by the regional intergovernmental meetings organized in preparation for the Conference should provide an invaluable base for the deliberations of the United Nations Conference and the adoption by it of a practical and positive plan of action. The Administrator added that he had assured the Preparatory Committee of the Conference, which had just concluded its first session in New York, of his full co-operation and his intention to marshal all available facilities in support of its work. The Preparatory Committee had taken a number of decisions on the organization of the Conference and had made recommendations on the budget proposals. Its report had just been released. 15/

15/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 42 (A/32/42).

377. The Assistant Administrator (Programme Policy and Evaluation), in introducing the documents before the Committee, emphasized the importance of the regular TCDC activities entrusted to UNDP by the General Assembly and by the Governing Council. She pointed out that the main responsibility for those activities rested with UNDP's Special Unit for TCDC, whose work was fully supported by other services of the UNDP Administration, including the Regional Bureaux, the administrative and technical services, and the field offices. The Regional Bureaux played a major role in the identification, appraisal and development of TCDC projects, in consultation with the Special Unit.

378. Referring to document DP/222, the Assistant Administrator said that the Administrator viewed TCDC not as a separate or isolated programme, but as a dynamic process of development through mutual sharing which should permeate the whole of UNDP activity and in which UNDP and organizations in the United Nations system should assume an active role. Important steps had already been taken in that direction, but there was still much to be done. Document DP/222 described how far UNDP had been able to implement each of the recommendations of the Working Group on Technical Co-operation among Developing Countries addressed to UNDP. The Assistant Administrator then singled out some of the major measures taken by UNDP in that respect.

379. She first referred to the many forms of assistance that UNDP provided to developing countries in their efforts to devise and implement specific programmes of technical co-operation among themselves and pointed to the increasingly important role which UNDP resident representatives were playing in promoting TCDC in their countries of assignment by providing information on TCDC capacities to their host Governments, to agencies in the United Nations system or to field offices in other developing countries and by acting as intermediaries between the Governments or institutions of two or more developing countries wishing to engage in TCDC.

380. On the formulation and implementation by UNDP of global, interregional and regional projects designed to promote TCDC, the Assistant Administrator said that document DP/222 gave several examples of such projects in which experts, training and equipment were entirely or predominantly supplied by developing countries. It also quoted instances of such projects which were supported by inputs from developed countries with the objective of establishing or strengthening the capacity of developing countries for TCDC.

381. Finally, in an effort to bridge the information gap that existed in regard to the capacities of developing countries that were available for technical co-operation with other developing countries, UNDP had launched an Information Referral System (TCDC/INRES), to collect and disseminate information on such capacities. UNDP had distributed some 5,000 sets of questionnaires to Governments, Participating and Executing Agencies and regional commissions through its resident representatives, seeking information on national organizations possessing TCDC capacities. Over 750 completed sets of questionnaires from 53 countries and 13 agencies had already been received. UNDP would eventually issue a computer print-out directory describing and classifying the registered organizations. That directory would be regularly updated and supplemented by an inquiry service to answer specific requests for additional information.

382. The Assistant Administrator added that, while UNDP had endeavoured to implement the recommendations addressed to it by the Working Group to the best of its ability, any assessment of implementation of TCDC by UNDP should take into account two factors affecting the launching of new UNDP projects. First, the General Assembly's endorsement of the Working Group's recommendations in December 1974 had occurred during the latter part of the first programming cycle, when most UNDP resources for the cycle had already been committed. Second, although every effort had been made to step up TCDC notwithstanding recent financial constraints, it had not been an easy period in which to start new projects.

383. The Assistant Administrator then explained that recommendations (43) to (46) of the Working Group were separately dealt with in document DP/229 (Vol. I and II). That study provided valuable insights and contained comprehensive recommendations. She expressed UNDP's warm appreciation of the readiness with which the Participating and Executing Agencies and the regional commissions had provided information to the Senior Consultant regarding their own procedures and practices.

384. Lastly, the Assistant Administrator pointed out that the General Assembly, through its resolutions, while conferring on UNDP a central and catalytic role in the promotion and development of TCDC, called for closer co-ordination of activities pertaining to TCDC. To that end, the specialized agencies, the regional commissions and other organizations in the United Nations system had been requested to co-operate fully with UNDP in promoting such activities. TCDC had been regularly discussed at recent meetings of PWG and IACB and, in respect of the United Nations Conference on Technical Co-operation among Developing Countries itself, at meetings of the Inter-Agency Task Force. A number of guidelines had emerged from those discussions. The Assistant Administrator then turned to the addenda to document DP/222, and pointed out that while some of the progress reports of the Participating and Executing Agencies and the regional commissions on their TCDC activities were structured in the same way as document DP/222, others followed a different pattern, reflecting variations in the range and scale of TCDC activities undertaken by the various agencies.

Summary of discussion in the Committee

385. Members of the Committee expressed their appreciation to the Administrator and the Assistant Administrator (Programme Policy and Evaluation) for their helpful and encouraging introductory statements, which reflected their unqualified commitment to the furtherance of the principles and objectives of TCDC. They also thanked the Administrator for his assurance that he would marshal all available UNDP facilities to ensure the success of the United Nations Conference on Technical Co-operation among Developing Countries.

386. Many members expressed the view that, while TCDC was a powerful vehicle for building the individual and collective self-reliance of developing countries, it was also a vital aspect of the dynamic movement towards the establishment of a new international economic order, which would be in the long-term interests of the developing as well as the developed countries. Some members stressed the role and responsibility of the developing countries themselves in the successful implementation of TCDC, while others drew attention to the importance of full participation by the developed countries in promoting TCDC activities.

387. Several members emphasized that TCDC was an integral part of a global development effort in which both the vertical and horizontal technical types of co-operation had to complement each other. It was felt that TCDC should not be regarded as a substitute for the traditional forms of development assistance, but rather as a powerful complement to it and as adding a vigorous new dimension to international co-operation for development.

388. Many members pointed out that TCDC activities permeated all areas of economic co-operation among developing countries and that the development of TCDC should be interrelated with economic co-operation among developing countries.

389. Commenting on the presentation and preparation of document DP/222, members expressed their appreciation of its clarity and thoroughness. They felt that, inasmuch as it dealt with the stage of implementation of each of the recommendations of the Working Group addressed to TCDC, it provided an excellent base for their deliberations in regard to further action.

390. Several members expressed the view that, while document DP/222 gave them a good idea of the qualitative aspects of UNDP's performance in the area of TCDC, statistical annexes clarifying the quantitative side of TCDC within UNDP's sphere of operations would be useful. Some members, while sharing that view, pointed out the difficulties of illustrating all aspects of implementation through statistics and considered that statistical tables to be incorporated in progress reports should therefore be judiciously selected.

391. The Committee agreed to request the Administrator to illustrate in his next progress report, in so far as possible, the quantitative aspects of TCDC implementation with statistical tables or charts.

392. Commenting on documents DP/222/Add.1 to 6, some members stated that those addenda contained valuable information on the implementation of TCDC by the Participating and Executing Agencies and by the regional commissions in their own programmes and projects. Others observed that, while some of the agencies were taking positive steps to perform the supportive role in promoting TCDC contemplated by the resolutions of the General Assembly, some were far less active in that field. They hoped that those agencies would attach higher priority to TCDC activities in the future than they currently did.

393. Several members said that UNIDO offered a good example of an organization which actively pursued its TCDC activities in the true sense of the concept and that it provided a pattern for TCDC activities by other organizations.

394. Another member referred to document DP/222/Add.3, which contained the report of WHO. He said that the report indicated recent positive developments within WHO designed to adjust its policies to respond very positively to the demands of the new international economic order. He commended WHO on the action it had taken, which he felt would result in savings from economy measures being utilized specifically to promote TCDC in close collaboration with the WHO Regional Committees, its Regional Offices and the network of WHO Representatives.

395. One member speaking on behalf of four delegations, said that, as documents DP/222/Add.1 to 6 comprised 221 pages, it represented a volume of material that was somewhat time-consuming to digest. In connexion with those reports as well, he would welcome a summary of some kind, preferably in the form of statistical tables. He also noted that no report had been given on the TCDC component of the projects executed by UNDP's Office for Projects Execution, which in 1976 had executed UNDP projects to the value of \$21 million. He also noted that there was no report by the Inter-American Development Bank.

396. General appreciation was voiced in regard to the commendable performance of the Special Unit for TCDC, during the brief period of its existence, in the organization of regional intergovernmental meetings held in preparation for the United Nations Conference, in the conceptualization and launching of the TCDC Information Referral System, in the planning and preparation of studies and documentation on different aspects of TCDC and generally in the implementation of the several recommendations of the Working Group on Technical Co-operation among Developing Countries.

397. A few members, while also commending the work of the Special Unit, expressed the view that TCDC should not be regarded as a special activity but rather as a policy to be applied to all UNDP operations. Therefore, the existence of the Special Unit should, in principle, be regarded as a transitory phenomenon which would probably be unnecessary once its functions were discharged, or continue to be necessary only for purposes such as the development of the Information Referral System and similar technical tasks. Other members, however, stressed that, until such time as TCDC became an integral part of UNDP and other technical co-operation programmes, it would be essential to strengthen the Special Unit. They felt the importance of adequate preparations for the United Nations Conference on Technical Co-operation among Developing Countries was an added immediate reason for strengthening the Special Unit. One member drew attention to the vital contribution which the Special Unit could continue to make in the effort to overcome the attitudinal barriers to technical co-operation existing in various regions.

398. Some members said that, in the promotion and implementation of TCDC, UNDP and the Participating and Executing Agencies should always respect the sovereignty of developing countries, especially in the area of the development of natural resources. They also cited the principle of non-interference in the internal affairs of States as one which should be honoured in the implementation of TCDC.

399. Several members observed that the experience of the socialist countries, both in the area of socio-economic development of individual States and in the field of co-operation within the socialist community, should be especially valuable for the development efforts of the developing countries, and of TCDC in particular, and cited instances where developing countries had benefited from that experience.

400. One member referred to the fact that many bilateral development assistance programmes were already using considerable local capacities in the execution of their projects and therefore the TCDC activities of the development system could profit from the experience of those programmes. He also felt that successful implementation of TCDC projects would contribute more to breaking down the attitudinal barriers to TCDC than information programmes alone.

401. Some members felt that, since TCDC was a relatively new concept, it required further elaboration of its methods and mechanisms. Methods and mechanisms developed in regard to TCDC within the framework of the United Nations system should be devised with that principle in mind. For that reason they attached a particular value to projects conceived and initiated by Governments themselves.

402. All members agreed that TCDC should be employed as a dynamic instrument for mobilizing the untapped resources and capacities of developing countries for their mutual benefit. However, a few members cautioned against the implementation of schemes which could undermine the principles of development assistance by impairing efficiency in project execution.

403. One representative stressed that TCDC efforts should be concentrated on the smaller and less affluent developing countries which represented the majority of United Nations members. Such countries had restricted consumer markets and represented a lower priority for private international investment. For that reason, those countries should be helped mainly through multilateral efforts. They had to rely for their progress mainly on international institutions such as UNDP and on the promotion of TCDC.

404. There was general agreement on the central, co-ordinating and catalytic role of UNDP, both in regard to the promotion and implementation of TCDC within the United Nations system and the preparations for the United Nations Conference.

405. Many members expressed the view that the success of the United Nations Conference on Technical Co-operation among Developing Countries would depend on its ability to formulate an effective plan of action for building and strengthening TCDC capacities and implementing TCDC at all levels. They felt that the proposals and recommendations that had emerged from the regional intergovernmental meetings on TCDC, based as they were on regional experiences and problems of development of particular importance to the region involved, would be most valuable for the preparation of that plan of action.

406. Several members referred to the Action Programme for Economic Co-operation 16/ adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries, held in Colombo, in August 1976, which embodied decisions for concerted action by non-aligned States, within the framework of the United Nations system, to promote TCDC as proposed in the report of the Working Group on Technical Co-operation among Developing Countries, and to present unified policies and proposals to the forthcoming United Nations Conference. They urged that the recommendations of the Colombo Action Programme relating to the development and strengthening of arrangements and institutions for promoting TCDC among non-aligned and other developing countries be strongly endorsed in the plan of action which was expected to emerge from the United Nations Conference on Technical Co-operation among Developing Countries.

407. Several members also felt that the recommendations of the Conference on Economic Co-operation among Developing Countries, 17/ held in Mexico City in September 1976, would, together with the Colombo recommendations and the recommendations of the regional intergovernmental meetings on TCDC, provide a valuable base for the formulation of that plan of action.

16/ See A/31/197, annex III.

17/ See A/C.2/31/7.

408. One member said that criteria for international co-operation generally accepted by the Governing Council should be applicable to questions relating to TCDC activities as well. Plans of action concluded only by some of the members of the Council at meetings such as the Colombo Conference and the Conference of the Group of 77 at Mexico City could not therefore be expected to be endorsed by countries that did not participate in those Conferences.

409. Some members emphasized that the participation of the least developed countries in the United Nations Conference was very important for its success, and urged that financial arrangements be made to enable them to be represented. In that context, they thanked two member countries for having provided funds to enable least developed countries to be represented at the Asian and Pacific and African regional meetings on TCDC, which were held in Bangkok and Addis Ababa, respectively.

410. With reference to the report of the first session of the Preparatory Committee for the United Nations Conference, some members referred to the difficult tasks that still lay ahead for that Committee and urged the widest possible participation by Member States in its further deliberations.

411. While it was noted that the current financial constraints of UNDP had affected the launching of new TCDC projects, several members expressed the view that that situation, rather than acting as a restraint on TCDC, should promote the incorporation of TCDC components into ongoing and planned projects and their transformation into full TCDC projects.

412. In the course of the discussions, several members urged UNDP to pay increased attention, in the promotion and implementation of TCDC programmes and projects, to the needs and capacities of the least developed countries and of developing countries that were geographically disadvantaged.

413. Two members noted that no steps had been taken so far to implement recommendation (24) of the Working Group on Technical Co-operation among Developing Countries, which related to the training of junior professional staff from developing countries in TCDC. They urged UNDP to take steps early to organize appropriate training programmes for government officials and others from developing countries whose functions involved them in TCDC activities.

414. General satisfaction was expressed in regard to the steps taken by UNDP to implement recommendation (27) of the Working Group relating to the formulation and implementation of global, interregional and regional projects designed to promote TCDC. Many members expressed their appreciation of the fact that document DP/222 gave several different types of examples of the implementation of that recommendation.

415. Some members referred to the designation of UNDP resident representatives as the focal points at the country level for promoting TCDC, in terms of recommendation (31) of the Working Group, and urged in that connexion that their role in initiating TCDC projects infusing TCDC elements into existing projects and transforming them into full TCDC projects should be strengthened.

416. There was general appreciation of the steps taken in pursuance of recommendation (32) to launch UNDP's Information Referral System (TCDC/INRES) on the capacities available in developing countries for technical co-operation with other developing countries. Many members observed that the fact that 750 responses to the TCDC/INRES questionnaire had already been received within a space of six months - from 53 countries as well as from agencies - was a remarkable endorsement of the work of the Special Unit. They said that it was also the best indication of the political will of developing countries to support TCDC.

417. Many members emphasized the importance of the Information Referral System for bridging the information gap that existed in regard to the technical capacities of developing countries, and the need regularly to bring the system up to date so that it could at all times provide current information based on the continuous flow of such information from the developing countries. Some of those members expressed the view that it was useful to maintain and develop that system at UNDP headquarters. One member suggested that the computer print-out directory be updated initially every year and later every six months by the provision of convenient additional sheets.

418. A few members expressed some concern about the difficulty encountered by some organizations in fully answering all the questions set out in the questionnaires. They said that there was no doubt that TCDC presented an innumerable quantity of wide-ranging problems and that the questionnaires only reflected that situation. Some other members felt, however, that the questionnaires had been well prepared, considering the intricacies involved, but recognized that there would be need to revise the questionnaires later as more experience was gained by both the secretariat and the countries relying upon the system.

419. One member felt that, once the Information Referral System had been established, some consensus should be reached on standard criteria for determining the suitability of the capacities registered under it to meet varying requirements. In so far as his country was concerned, he did not support the utilization of the whole or a portion of the country IPF for TCDC activities.

420. Several members, while agreeing that there should be no rigid allocations of any percentage of the programme resources for TCDC, felt that some quantitative target would stimulate additional efforts to promote TCDC.

421. While a number of members felt that a portion of the Programme Reserve should be earmarked for TCDC projects, others felt that that would be an inappropriate use of the Programme Reserve.

422. One member noted with appreciation the importance which UNDP had accorded to the TCDC activities of the Association of South East Asian Nations. He urged that UNDP and the Economic and Social Commission for Asia and the Pacific should expedite their assistance to those activities in the interests of project delivery.

423. Some representatives suggested that the Committee should devote itself to reviewing the recommendations of the Working Group on Technical Co-operation among Developing Countries.

424. In regard to the review of the recommendations of the Working Group, one member pointed out that at its last meeting the sessional Committee had reviewed only three recommendations and that there were therefore 30 recommendations that remained to be reviewed. Questions had been raised in respect of about nine of them. He suggested that the Committee first review those recommendations on which there were some differences and thereafter the rest. That suggestion was generally acceptable and it was decided that the Committee, after its general discussion, constitute itself into a working group to review the recommendations.

425. One member stated that, during the consideration of the recommendations of the Working Group on Technical Co-operation among Developing Countries at the eighteenth session of the Governing Council, his country had not been a member of the Council and therefore did not have the opportunity of lodging its reservations on the recommendations. His delegation had subsequently indicated that it did not agree with the content of recommendation (40) and reaffirmed his Government's reservations on that recommendation.

426. The Committee then turned to the consideration of document DP/229 (Vol. I and II). The Chairman requested Mr. J. G. Odero-Jowi, the Senior Consultant, to introduce his study on rules, regulations, procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships.

427. In introducing his study, the Senior Consultant explained that it had been prepared in pursuance of General Assembly resolution 3461 (XXX). He indicated that it was a lengthy document which required careful examination before a full discussion could take place on it.

428. The Senior Consultant said that the study consisted of two volumes which should be read side by side. Volume I contained four parts. The first part on TCDC background and approach, dealt with the historical aspect, which he considered extremely important. The second was an analysis of factual information and findings and the third and fourth parts contained recommendations. Volume II reproduced the questionnaire aimed at illustrating the operational results of technical co-operation carried out by the agencies in the United Nations system. The questionnaire was distributed to all agencies in the system, and the replies received were also included in volume II of the report. He indicated that his analysis revealed a serious discrepancy between the policy objectives and actual action undertaken in the technical co-operation activities of the United Nations development system. He concluded by saying that all his findings added up to the fact that the capacities of the developing countries were being inadequately utilized.

429. Many members expressed their appreciation of the efforts of the Senior Consultant in producing his detailed study in so short a time.

430. Some preliminary comments on the study were made, but members generally felt that the study merited careful consideration and that it would be useful to have more time to examine its various aspects before discussion. It was therefore agreed to postpone the discussion of the study to the twenty-fourth session of the Governing Council in June.

Observations of the Administration in the Committee

431. In replying to the discussion, the Assistant Administrator (Programme Policy and Evaluation) said that she noted the requests by many members for the inclusion of statistical tables in the Administrator's progress reports to illustrate the quantitative aspects of implementation. She stated that the Administrator would make every effort to meet that request, but pointed out that there were certain types of information which by their very nature could best be presented in a descriptive form.

432. The Assistant Administrator thanked members for the many useful suggestions they had made both in regard to the preparations for the United Nations Conference on Technical Co-operation among Developing Countries and UNDP's regular TCDC activities. She added that the Administration would give careful consideration to the comments and suggestions made on the implementation of the recommendations of the Working Group on Technical Co-operation among Developing Countries.

433. In answer to a question from one member the Assistant Administrator said that the edition of the Information Referral System's computer print-out directory would probably be published in June 1977.

434. In response to another question as to how the Participating and Executing Agencies were tied in to the Information Referral System, she explained that all agencies had been requested to register their information sources with the System, that UNDP resident representatives were co-operating with the agencies and the regional commissions in selecting regional institutions for registration under the system and that the agencies were expected to play an important role in the operation of the inquiry services which would be set up under the System.

Decisions of the Governing Council

435. At its 565th meeting, on 4 February 1977, on the recommendation of the Committee on Technical Co-operation among Developing Countries, the Governing Council adopted the following decisions.

I

REPORT ON THE IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE REPORT OF THE WORKING GROUP ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES ON ITS THIRD SESSION

The Governing Council,

Recalling resolutions 3251 (XXIX), 3461 (XXX) and 31/179 as well as other pertinent resolutions of the General Assembly,

Recalling further the relevant decisions adopted at its eighteenth, nineteenth, twentieth, twenty-first and twenty-second sessions,

(a) Took note of the reports of the Administrator, the Participating and Executing Agencies and the regional commissions (DP/222 and Add.1-6);

(b) Took note with appreciation of the introductory statements made by the Administrator and Assistant Administrator and of the observations and suggestions made during the consideration of the item;

(c) Considered that any assistance extended to the Governments of developing countries by the United Nations development system to achieve the sharing of technical resources, skills and capacities between them for their mutual development was a TCDC activity; that "mutual development" expressed the purpose or objective of TCDC; where "mutual" referred to benefits accruing to developing countries as a whole, although they might be distributed unequally within the group; that "sharing" was a deliberate voluntary act related to TCDC as a means; and that objectives and means should be present concurrently in any TCDC activity.

(d) Decided to request the Administrator to take all necessary measures for the full implementation of the recommendations contained in the report of the Working Group on Technical Co-operation among Developing Countries (DP/69) subject only to the following considerations:

- (i) In regard to paragraph (25) of the report of the Working Group on Technical Co-operation among Developing Countries, UNDP, Participating and Executing Agencies and regional commissions should make systematic efforts to review their procedures, organizational and financial arrangements, programmes and projects and make adjustments therein to facilitate technical co-operation among developing countries. To this effect UNDP in particular, upon the request of the countries concerned and in a manner consistent with the decisions of the Governing Council on the allocations of resources, should, inter alia, permit expeditious extension of national, regional and interregional projects when such an extension is designed to enable other developing countries to derive benefits from such projects;
- (ii) When implementing the recommendation contained in paragraph (26) of the report of the Working Group on Technical Co-operation among Developing Countries, it should be borne in mind that, in maintaining and in order to further improve the over-all efficiency and effectiveness of the Programme, UNDP, Participating and Executing Agencies and regional commissions should give special consideration, in designing and implementing programmes and projects, to the technical co-operation capacities and potentialities existing in developing countries, and make a conscious effort to use them;
- (iii) Noted with appreciation, with reference to the recommendation contained in paragraph (29) of the report of the Working Group on Technical Co-operation among Developing Countries, that the Special Unit for Technical Co-operation among Developing Countries has been created. This mechanism for conducting the activities envisaged in that paragraph should be reviewed in the light of the recommendations to be made by the

United Nations Conference on Technical Co-operation among Developing Countries;

- (iv) Technical co-operation among developing countries already constitutes an integral part of UNDP activities, and, therefore, no specific targets should be established within the intercountry IPF for TCDC operational activities as recommended in paragraph (36)(b) of the report of the Working Group on Technical Co-operation among Developing Countries. Since intercountry programmes constitute one of the most effective instruments for promoting TCDC, a systematic effort should be made to incorporate TCDC elements in the on-going regional, interregional and global projects or, wherever possible, to transform them into TCDC projects as well as to establish in the future new TCDC operational activities of a regional, interregional and global nature;
- (v) For the 1977-1981 period, the Programme Reserve should be used for TCDC as an exceptional measure, if resources are not available elsewhere, especially in cases where the least developed countries are involved rather than in the circumstances indicated in paragraph (36)(c) of the report of the Working Group on Technical Co-operation among Developing Countries;
- (vi) In order to expand further TCDC activities, developed and developing countries should consider increasing their voluntary cash contributions to UNDP but no contributions should be made in kind as recommended in paragraph (39)(a) of the report of the Working Group. However, UNDP and Participating and Executing Agencies should make use of contributions in kind from developing activities through multi-bilateral projects and through other suitable arrangements;
- (vii) With an understanding that all additional resources available will also benefit TCDC, there is no need to devote part of the increased volume of UNDP resources specifically to TCDC purposes as recommended in paragraph (39)(c) of the report of the Working Group on Technical Co-operation among Developing Countries;
- (viii) In regard to paragraph (48)(a) of the report of the Working Group on Technical Co-operation among Developing Countries, UNDP and Participating and Executing Agencies should formulate and implement specific programmes to provide information to developing countries on quality control, standards and other requirements to be met in order to compete effectively in making supplies available for projects and programmes of the United Nations development system, as well as to incorporate into the specifications for goods and services required the standards used in developing countries;
- (ix) The review of the recommendations contained in paragraphs (43), (44) and (46) of the report of the Working Group on Technical Co-operation among Developing Countries will be made at its twenty-fourth session, together with consideration of the study on "Rules, Regulations, Procedures and Practices of the United Nations Development System in Recruiting Experts, Subcontracting, Procuring Equipment and Providing Fellowships, pursuant to General Assembly resolution 3461 (XXX), paragraph 3, on Technical

Co-operation among Developing Countries" contained in document DP/229 (Vol. I and II).

(e) Requested the Administrator, the Participating and Executing Agencies and regional commissions, in the preparation of their future progress reports on the implementation of the recommendations of the Working Group on Technical Co-operation among Developing Countries in pursuance of General Assembly resolution 3251 (XXIX), to provide statistical tables, wherever possible, to illustrate the quantitative aspects of the implementation of the different recommendations.

II

CONSIDERATION OF THE STUDY ON RULES, REGULATIONS, PROCEDURES AND PRACTICES OF THE UNITED NATIONS DEVELOPMENT SYSTEM IN RECRUITING EXPERTS, SUBCONTRACTING, PROCURING EQUIPMENT AND PROVIDING FELLOWSHIPS, PREPARED IN PURSUANCE OF GENERAL ASSEMBLY RESOLUTION 3461 (XXX), PARAGRAPH 3, ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

The Governing Council

(a) Decided to postpone to its twenty-fourth session the consideration of the study on rules, regulations, procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships, prepared in pursuance of General Assembly resolution 3461 (XXX), paragraph 3, on technical co-operation among developing countries;

(b) Requested the Administrator to make arrangements for the sessional Committee on Technical Co-operation among Developing Countries to meet during the twenty-fourth session of the Governing Council.

III

PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

The Governing Council

(a) Took note of the report of the Preparatory Committee for the United Nations Conference on Technical Co-operation among Developing Countries; 18/

(b) Decided to transmit it to the General Assembly at its thirty-second session through the Economic and Social Council at its sixty-third session.

18/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 42 (A/32/42).

IX. ACTION TAKEN IN 1976 BY ORGANS OF THE UNITED NATIONS
AND RELATED AGENCIES

436. Under item 12 of its agenda, the Governing Council had before it a note by the Administrator (DP/237 and Add.1 and 2) on those resolutions and decisions adopted in 1976 by organs of the United Nations and related agencies which required action by or were of interest to UNDP.

437. Introducing the item, the Assistant Administrator (Programme Policy and Evaluation) summarized briefly some of the actions taken by UNDP in response to a few of the resolutions and decisions adopted during 1976. Observing that UNDP's financial difficulties had been a recurring theme of several of the resolutions, she cited in particular General Assembly resolution 31/165 relating to the granting of borrowing authority to the Administrator in order to avoid liquidity crises in future. As a corollary to resolutions relating to the financial situation of UNDP, specific mention was also made of resolutions concerning the coherence of the United Nations system, which had their genesis in the decision taken by the Governing Council at its twenty-second session, and which had culminated in General Assembly resolution 31/171.

438. Beyond those measures, the Assistant Administrator drew attention to the positive response by UNDP to the special needs of countries which had been faced with sudden economic or social hardships as a result of uncontrollable circumstances. In a similar spirit, UNDP had devoted particular attention to certain hard-pressed countries or groups of countries.

439. At the same time, UNDP, pursuant to resolutions dealing with the role of women in development, had continued its active involvement in that sphere of activities. As an illustration, audio-visual material on the role of women in development had been prepared by UNDP, and guidelines on the way in which women could be integrated into the development process, particularly project activities, were being issued to UNDP field offices. Similarly, UNDP had been in contact with the Centre for Social Development and Humanitarian Affairs regarding the use of the Voluntary Fund for the United Nations Decade for Women for technical co-operation purposes.

440. The Assistant Administrator indicated that rural development, a subject that had recently received special emphasis in various international forums of the United Nations system, was among the major multisectoral areas of technical co-operation that UNDP had singled out for priority attention. To that end, and in keeping with the decision of the Economic and Social Council at its sixty-first session, UNDP was participating in the ACC Task Force on rural development, and was already actively engaged in translating the findings of the Task Force into action at the field level.

441. Another focus of attention by the various governing bodies and organs of the United Nations, in particular the fourth General Conference of UNCTAD, had been the question of the development and transfer of technology in the developing countries. Within that general area, major consideration was being given by UNDP to activities involving research and development in non-conventional sources of energy. Lastly, the Council was informed that, in response to General Assembly resolution 3504 (XXX) establishing a special fund for land-locked developing

countries, one member State was in the process of making the first contribution to the fund and that preliminary discussions between UNDP and UNCTAD on the matter had already taken place.

Summary of discussion

442. The representative of UNESCO, referring to the financial crisis of UNDP and its repercussions on UNESCO's programme, drew the Council's attention to resolutions adopted at the eighteenth and nineteenth sessions of the General Conference of UNESCO which invited the Director-General to seek other sources of financing for UNESCO's operational activities that could no longer be provided by UNDP, in order to ensure continuity in UNESCO's technical co-operation programme for developing member States. Turning to the broader question of the future of technical co-operation, he looked forward with great interest to the Administrator's report on that subject to be prepared for the twenty-fourth session of the Governing Council. In concluding, he expressed special satisfaction with the efforts of the Administrator to promote harmonious relations between UNDP and the specialized agencies, as demonstrated by the proposal to establish, on an experimental basis, an interagency task force of officials from the larger agencies at UNDP headquarters.

Decision of the Governing Council

443. At its 562nd meeting, on 31 January 1977, the Governing Council took note of the information contained in the note by the Administrator (DP/237 and Add.1 and 2) on action taken in 1976 by organs of the United Nations and related agencies.

X. OTHER MATTERS

444. Under item 13 of the Council's agenda, the observer for the country concerned drew the Council's attention to the severe economic and social conditions that prevailed in Lebanon as a result of the catastrophe which befell it in 1975 and 1976. Preliminary estimates placed total immediate losses at approximately \$6,000 million, apart from continuing losses in gross national product. He stated that his country was grateful for the relief already provided by the United Nations system but hoped that UNDP could provide additional assistance through the allocation of emergency funds against future years' IPFs for the 1977-1981 cycle.

445. Under item 13, the Council also took two decisions which are recorded below.

Decisions of the Governing Council

446. At its 564th meeting, on 3 February 1977, the Governing Council postponed its consideration of the draft statute for the Programme and the Standard Basic Agreement with Governments until after the General Assembly completed its deliberations on the international structure for a new international economic order.

447. At its 565th meeting, on 4 February 1977, the Governing Council:

(a) Noted the opening statement of the Administrator on the question of holding annual sessions of the Council;

(b) Requested the Administrator to submit a full report on his proposals on this matter for consideration by the Governing Council at its twenty-fourth session;

(c) Further requested that the Administrator circulate his report to member Governments at least two months in advance to enable Governments to consider carefully the proposal before and at its twenty-fourth session.

XI. DATE AND PROVISIONAL AGENDA OF THE TWENTY-FOURTH SESSION
OF THE GOVERNING COUNCIL

448. At its 566th meeting, on 4 February 1977, the Governing Council decided to hold its twenty-fourth session between 7 June and 1 July 1977 at Geneva. It further decided that the Committee on Technical Co-operation among Developing Countries would convene on 7 June, that the Budgetary and Finance Committee would convene on 9 June, also at Geneva, and that the Council itself would convene on 13 June. In addition, it was noted that the Council's meetings on 16 and 17 June 1977 would be at an appropriately high level.

449. At the same meeting, the Governing Council approved the following provisional agenda for its twenty-fourth session:

1. Opening of the session
2. Adoption of the agenda
3. Annual report of the Administrator for 1976
4. Role and activities of UNDP
5. United Nations Volunteers
6. United Nations Revolving Fund for Natural Resources Exploration
7. United Nations Capital Development Fund
8. Country and intercountry programming and projects
9. Budgetary, administrative and financial matters
 - (a) Financial outlook for 1977-1981, with comprehensive report on financial activities during 1976 and other related matters
 - (b) Recruitment and use and prospects of reducing the costs of UNDP-financed experts
 - (c) Agency overhead costs
 - (d) Administrative budget for 1978
 - (e) Financial Regulations and Rules
 - (f) Custodianship of UNDP funds
 - (g) Inter-Agency Procurement Services
 - (h) Sectoral support
 - (i) Other matters

10. United Nations Fund for Population Activities

- (a) Annual report of the Executive Director for 1976 and proposed revised work plan for 1978-1981
- (b) Report on the implementation of UNFPA projects
- (c) Progress report on the application of priorities
- (d) Proposed projects and country agreements including proposed second phase projects
- (e) Report on infrastructure costs
- (f) Approval authority for 1978
- (g) Administrative budget for 1978
- (h) Other matters

11. Technical co-operation among developing countries

12. United Nations technical co-operation activities

13. Information on the regular programmes of technical assistance of the specialized agencies and the International Atomic Energy Agency in 1976

14. Other matters

15. Date and provisional agenda for the twenty-fifth session of the Governing Council

16. Draft report of the Governing Council to the sixty-third session of the Economic and Social Council

450. During the Council's consideration of the provisional agenda of its twenty-fourth session, it was noted that some changes might be required in the subitems proposed under items 9 and 10.

Annex

REPRESENTATION AT THE TWENTY-THIRD SESSION

Members of the Governing Council

Argentina, Australia, Austria, Belgium, Benin, Brazil, Bulgaria, Burundi, Canada, China, Colombia, Congo, Cuba, Denmark, Finland, France, Germany, Federal Republic of, Guinea, Guyana, India, Indonesia, Iran, Italy, Japan, Kuwait, Madagascar, Malawi, Mali, Malta, Mexico, Netherlands, Niger, Norway, Pakistan, Peru, Poland, Romania, Sierra Leone, Sri Lanka, Swaziland, Sweden, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yemen.

States represented by observers

Angola, Bangladesh, Barbados, Bhutan, Chile, Egypt, German Democratic Republic, Hungary, Israel, Lebanon, Lesotho, Turkey, Yugoslavia.

United Nations and related bodies

United Nations, United Nations Children's Fund, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Environment Programme, United Nations Fund for Population Activities, Office of the United Nations High Commissioner for Refugees, United Nations Industrial Development Organization, United Nations Institute for Training and Research, United Nations Volunteers Programme.

Specialized agencies and International Atomic Energy Agency

International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, International Civil Aviation Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization.

* * *

International Atomic Energy Agency

Other intergovernmental organizations

Asian Development Bank, Inter-American Development Bank, Organization of African Unity, Organization of American States, World Tourism Organization.

African national liberation movements

African National Congress (ANC South Africa), African National Council (ANC Zimbabwe), Liberation Movement of Djibouti (MLD), Pan Africanist Congress (PAC South Africa), Front for the Liberation of the Somali Coast (FLCS), South West Africa People's Organization (SWAPO).

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