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THE ENVIRONMENT FUND

Report of the Executive Director

This report is divided into three parts.

Section I, which relates to provisional agenda item 8 (c) (Management of the Fund of UNEP), contains information on the estimated contributions for the medium-term plan 1978-1981 and, in addition, requests the Council's guidance on a number of policy issues relating to the Fund, including the recommendation of the Executive Director on a revised appropriation for 1980-1981, a minimum year-end balance of the Fund, forward commitments for 1982-1983, adjustment authority and financial reserve.

Section II, which covers provisional agenda item 8 (a) (Report on the implementation of the Fund programme in 1979), contains a review of the implementation of the programme of the Environment Fund and of the trust funds administered by the Executive Director.

Section III, which also relates to provisional agenda item 8 (c), reports on progress in the work of project evaluation in 1979, and describes ongoing activities.

ABBREVIATIONS

ADI	Asian Development Institute
ALECSO	Arab League Educational, Cultural and Scientific Organization
CEFIGRE	International Training Centre for Water Resources Management
CIREN	International Research Centre on Environment and Development
DPI	Department of Public Information, United Nations
OTCD	Office of Technical Co-operation, United Nations
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
ECWA	Economic Commission for Western Asia
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IBPGR	International Board for Plant Genetic Resources
ICE	Indonesian Commission on the Environment
ICIPE	International Centre for Insect Physiology and Ecology
IDEP	African Institute for Economic Development and Planning
IFIAS	International Federation of Institutes for Advanced Study
IIASA	International Institute for Applied Systems Analysis
IIED	International Institute for Environment and Development
IITA	International Institute for Tropical Agriculture
ILO	International Labour Organisation
IMCO	Intergovernmental Maritime Consultative Organization

ABBREVIATIONS (continued)

IRRI	International Rice Research Institute
IUCN	International Union for Conservation of Nature and Natural Resources
IWM	Institute of Water Management
UNCHS	United Nations Centre for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Co-ordinator
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRISD	United Nations Research Institute for Social Development
UNSO	United Nations Sahelian Office
WHO	World Health Organization
WMO	World Meteorological Organization
WWI	World Watch Institute

DEFINITIONS

In this document and other documents relating to the Fund of UNEP the following definitions are used:

- "Appropriation" The amount of resources authorized by the Governing Council, which constitutes an authorization to the Executive Director to incur obligations and make payments for the purposes for which the appropriation was voted and up to the amounts so voted.
- "Apportionment" The division of the appropriation between different budget lines, as determined by the Governing Council.
- "Allocation" The authority given by the Executive Director to assign resources from the Fund for one or more specific purposes within the appropriations and apportionments laid down by the Governing Council.
- "Commitment" The full extent of any liability entered into in regard to projects, by the Executive Director or under authority delegated by him, within the allocations issued.
- "Expenditure" The incurring of obligations or disbursement of funds by the Executive Director for the discharge of a commitment or part thereof. Does not include advances made to finance expenditures. Expenditures are only recorded against an authorized statement of expenditure received from a co-operating agency or supporting organization.

I. MANAGEMENT OF THE FUND

A. THE BALANCE OF THE FUND AND THE LEVEL OF CONTRIBUTIONS

1. In advance of the accounts of the Fund, Table 1 gives a projection of the estimated flow and use of resources for the years 1979-1981. The unencumbered balance of the Fund as at 31 December 1979 is estimated in that projection at \$26.8 million, of which \$10.9 million is expected to consist of convertible currency and \$15.9 million of non-convertible currency. The full Fund Accounts, including both the balance sheet and the statement of income and expenditure for 1979, will be included in an addendum to this document to be issued following the closure of the 1979 accounts on 31 March 1980.

2. Contributions pledged for the medium-term plan 1978-1981 reported to the Council at its seventh session (UNEP/GC.7/14/Rev.1) were \$122.1 million. As of 31 December 1979, the total had risen to \$125.4 million, an increase of \$3.3 million but still \$24.6 million short of the target of \$150 million.

3. Contributions pledged by Governments to the Fund rose for 1979, but present projections for 1980 and 1981 indicates a slight decrease:

	<u>\$ million</u>
1978	29.56
1979	32.35
1980	31.73
1981	31.73

4. Ninety countries had pledged a contribution to the Environment Fund for the year 1979 as at 31 December 1979, compared with a total of eighty-five countries that pledged for 1978 (including five countries which announced their pledges for 1978 during 1979). Full details of pledges for the medium-term plan will be set out in Report to Governments, No. 24. From this, it will be seen that:

(a) Eight developing countries pledging for the first time in 1979 - Barbados, Benin, Bhutan, Cape Verde, Gabon, Lao Peoples' Democratic Republic, Malaysia and Syrian Arab Republic - pledged a total of \$22,034. Benin, Cape Verde, Gabon, Malaysia and Syrian Arab Republic took the opportunity to pledge a contribution amounting to \$16,034 retroactively for 1978 and are therefore included in the 1978 total of 85 countries above. Benin also made a pledge for 1977;

(b) Three countries - China, Liberia and Oman - resumed their pledges in 1979 after an interruption of one or more years. Together they contributed \$317,333 for 1979;

Table 1

ESTIMATED FLOW AND USE OF RESOURCES FOR THE YEARS 1979-1981
(in \$ million)
As at 31 December 1979

	1979		1980		1981	
	Total	CC	Total	NCC	Total	CC
1. Resources:						
Balance of Fund on 1 January	28.44 ^{a/}	13.61	26.09	15.95	20.62	17.70
Estimated contributions	32.55 ^{b/}	27.72	31.73	4.32	31.73	27.41
Miscellaneous income	1.50	1.50	0.50	-	0.50	0.50
NCC conversion	-	0.51	-	(0.75)	-	0.60
Financial reserve	(0.40)	(0.40)	0.50	0.20	0.20	0.20
Loan repayment	0.20	0.20	0.20	-	0.17	0.17
Total resources	62.09	43.14	59.02	19.52	53.22	36.50
2. Claims on resources:						
(a) Programme and programme support costs	8.00	8.20	9.40	-	10.40	10.40
(b) Fund programme activities and fund programme reserve activities	34.10	30.67	36.25	8.25	33.60	25.00
(i) Existing commitment	33.99	30.56	20.26	4.40	12.40	8.49
(ii) Rephased	-	-	1.85	-	-	-
(iii) Extension	-	-	5.40	0.37	-	-
(iv) New projects	-	-	7.74	3.48	-	-
(v) Fund programme reserve	0.10	0.10	1.00	-	1.00	1.00
(c) Project expenditure to be cancelled or rephased to later years	(6.10)	(5.67)	(7.25)	(1.65)	(5.38)	(4.00)
(d) Total estimated project expenditure	28.00	25.00	29.00	6.60	28.22	21.00
(e) Total claims (a)+(b)-(c)	36.00	33.00	38.40	6.60	38.62	31.40
3. Estimated balance of Fund on 31 December	26.09	10.14	20.62	12.92	14.60	5.18

a/ Excluding value of loan for UNEP headquarters \$568,800.

b/ Including unpaid pledges of \$2.5 million in CC and \$0.3 million in NCC.

(c) Eighteen countries - Austria, Bangladesh, Bulgaria, Finland, France, German-Democratic Republic, Iceland, Ireland, Israel, Japan, Kuwait, Libyan Arab Jamahiriya, Netherlands, New Zealand, Norway, Philippines, Poland and United Republic of Cameroon - increased their pledges between 1978 and 1979, either in United States dollars or in local currency. Together these countries pledged \$7,820,571, showing an increase of \$1,811,206 over their combined pledges in 1978;

(d) One country (Luxembourg) reduced its pledge compared with 1978, while Rwanda, which had pledged in 1978, did not do so in 1979. The reduction in resources accounted for by these two countries was \$5,390;

(e) Sixty countries maintained their 1979 pledges or are expected to maintain their contribution at the same level as for 1978. This group includes those pledging in national currencies of which the dollar value has increased or decreased due to exchange rate fluctuations. The full list of these countries is: Algeria, Argentina, Australia, Bahamas, Belgium, Brazil, Byelorussian Soviet Socialist Republic, Canada, Chile, Colombia, Cyprus, Czechoslovakia, Denmark, Dominican Republic, Egypt, Germany, Federal Republic of, Ghana, Greece, Guinea-Bissau, Hungary, India, Indonesia, Iran, Iraq, Italy, Jamaica, Kenya, Lesotho, Malawi, Malta, Mauritius, Mexico, Nigeria, Pakistan, Peru, Portugal, Republic of Korea, Romania, Saudi Arabia, Senegal, Singapore, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Togo, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Democratic Yemen, Yugoslavia and Zaire. The total pledged by these sixty countries in 1979 was \$24,179,467, of which \$658,538 represented additional dollar resources available to the Fund as a result of fluctuations in currency since 1978.

5. The Executive Director has repeatedly raised the issue of contributions through correspondence with Governments, followed up by personal visits, and he hopes that his efforts will result in additional resources. He wishes to remind the Governing Council of Economic and Social Council resolution 1979/56 of 2 August 1979 and General Assembly resolution 34/188 of 18 December 1979 which reiterated an appeal to all Governments to contribute or to increase their contributions to the Environment Fund so as to meet the approved target set by the Governing Council for the medium-term plan. A total of 91 States Members of the United Nations have so far pledged for at least one year of the medium-term plan. This means that 61 member States have not so far announced any pledge for this period. A further effort is therefore required on the part of these countries, as well as from those that, although contributing generously, have not increased their pledges since they first announced in 1973.

6. The Executive Director is concerned that, in 1979, despite the Governing Council's appeal that payments be made earlier in the year and his follow-up of this appeal, more as compared with previous years, Governments paid their contributions later in the year. By the end of June 1979, only 43 per cent of convertible currency contributions for the year had been paid, compared with 75 per cent at the same time in 1978. As a result, in July, the balance of the Fund, net of liabilities but excluding advances to implementing agencies, dropped to approximately \$5 million in convertible currency. In these circumstances, the Executive Director had necessarily to follow a prudent course with regard to new project commitments.

7. Whatever the level of pledges, in the event of a cash shortage the Executive Director can only turn to the financial reserve or call upon member Governments to make urgent payments. The financial reserve, at the level of \$4.2 million in 1979, is not a sufficient substitute for a shortfall in convertible currency contributions of 57 per cent (\$15.7 million), which was the situation at the end of June 1979. Even at the end of December 1979, contributions outstanding still amounted to \$2.8 million, compared with \$0.9 million outstanding at the end of 1978. Of that total outstanding at the end of 1979, \$2.5 million were contributions in convertible currency. As a result the Executive Director had no choice but to slow down the programme's implementation in order to ensure liquidity at all times. Accordingly, the Executive Director allocated only \$36.15 million for Fund Programme activities, compared with the Governing Council's appropriation of \$42.8 million (excluding the \$1 million Fund programme reserve).

B. COMPOSITION OF FUND RESOURCES

8. Non-convertible currencies (NCCs) represented 14.3 per cent of pledges in 1979. They also accounted for 52 per cent of the Fund balance as at 1 January 1979, and are expected to account for 59 per cent of the 1 January 1980 Fund balance. The programme of utilization of NCCs within the approved Fund programme activities has, however, made satisfactory progress, with a number of new projects being approved, as recorded in Report to Governments. It is now hoped that the accumulated NCCs can be utilized in the normal implementation of UNEP's programme and that the accumulated balances of these currencies will be reduced.

C. REVISED APPROPRIATION FOR FUND PROGRAMME ACTIVITIES 1980-1981

9. At its seventh session, the Governing Council approved an appropriation of \$67.2 million for Fund programme activities in the biennium 1980-1981 (excluding the Fund programme reserve). However, in view of the fact that the Executive Director restricted the allocation for Fund programme activities in 1979 to a level \$6.65 million below the approved appropriation for 1979 and by so doing held back activities in the agreed programme for 1979, he now recommends that this shortfall of \$6.65 million should be added to the appropriation for 1980-1981. In view, however, of the

recent delays in the receipts of contributions, as noted above, he recommends that this additional appropriation should be spread across the two years 1980 and 1981, rather than added to only the first year of the biennium. Thus, compared with the total appropriation approved for the biennium by decision 7/14 C, paragraph 7, and the division of that appropriation between years and between convertible and non-convertible currency as noted by Governing Council in 1979, he now recommends the following:

	Decision 7/14 C (\$ million)	1980	
		Now Proposed (\$ million)	Additional Appropriation (\$ million)
Convertible currency	23.30	27.00	3.70
Non-convertible currency	<u>7.20</u>	<u>8.25</u>	<u>1.05</u>
Total	<u>30.50</u>	<u>35.25</u>	<u>4.75</u>
		1981	
Convertible currency	23.20	24.00	0.80
Non-convertible currency	<u>7.50</u>	<u>8.60</u>	<u>1.10</u>
Total	<u>30.70</u>	<u>32.60</u>	<u>1.90</u>
		Total biennium 1980-1981	
Convertible currency	46.50	51.00	4.50
Non-convertible currency	<u>14.70</u>	<u>16.85</u>	<u>2.15</u>
Total	<u>61.20</u>	<u>67.85</u>	<u>6.65</u>

10. As will be seen from Table I, it is projected that this level of appropriation, with the proposed division between convertible and non-convertible currencies, will provide a carry-over of at least \$5 million in convertible currency in both years.

11. The Executive Director proposes that the additional appropriation should be apportioned by budget lines and between 1980 and 1981 in accordance with paragraph 20 (b) (ii) below. The apportionment of the proposed revised appropriation provides that, for all budget lines, the funding is at least maintained at the level approved by Governing Council in 1979. Taking into account the views of Governing Council at its

seventh session, and the need to provide for the activities delayed or held back in 1979, the Executive Director recommends that the following budget lines should be increased:

	Approved 1/ (\$ million)	Now Recommended (\$ million)	Increase (\$ million)
01 Human settlements and human health	8.00	8.20	0.20
03 Support	12.00	12.70	0.70
04 Environment and development	4.00	4.40	0.40
07 Energy	1.20	1.50	0.30
11 Terrestrial ecosystems	10.50	11.80	1.30
13 Earthwatch (including IRPTC)	10.20	12.10	1.90
16 Data	1.00	1.10	0.10
17 Arid lands (Including desertification)	4.80	6.55	1.75
			6.65

D. FUND PROGRAMME RESERVE 1980-1981

12. The Council, by decision 7/14 C, paragraph 12, approved the level of the Fund programme reserve at \$1 million per year for the biennium 1980-1981. It is not proposed to recommend any change in that decision.

E. FORWARD COMMITMENT AND ADJUSTMENT AUTHORITY

13. The Council by decision 7/14 C, paragraph 9, approved a forward commitment authority of \$11 million for the biennium 1982-1983 and reconfirmed the Executive Director's authority to adjust apportionments by 20 per cent in each budget line for the biennium 1980-1981. Since as at the end of 1979, commitments recorded for 1981 and 1982 were \$15.0 million, at least the same amount need to be authorized by the end of 1980 for the biennium 1982-1983. Accordingly, the Executive Director recommends that the Governing Council reconsider the forward commitment authority for 1982-1983 and raise it to an amount of \$16 million.

F. NATURE OF FUND COMMITMENTS

14. As requested by the Governing Council in decision 7/3, paragraph 6, the Executive Director has reviewed all projects in existence for four or more years, and has where appropriate agreed with the agencies concerned on plans for their termination. In some cases the need to continue particular activities has been recognized and the projects will be supported until their objectives have been reached.

1/ By decision 7/14 C, para.7.

G. FUND PROCEDURES

15. The Executive Director has initiated a review of Fund procedures which may require amendment with the introduction of the system-wide medium-term environment programme. Such amendments are now under discussion, and if fully formulated in time will be submitted in an addendum to the present report.

H. FINANCIAL RESERVE

16. By decision 7/14 C, paragraph 11, the financial reserve stands at \$3.3 million for 1980 and \$3.4 million for 1981. Should the Governing Council approve the Executive Director's proposals referred to in paragraph 9, the level of the financial reserve should be revised to \$3.7 million in 1980 and \$3.5 million in 1981.

I. LIQUIDITY OF THE FUND

17. The Executive Director, in the light of some uncertainty in future pledges and the date of their collection, feels, as stated earlier, that the minimum figure of \$2 million as a cash carry-over in convertible currencies would not be prudent, and intends to increase it to not less than \$5 million. At such time as the record of payments early in the year improves, the Executive Director will reconsider the minimum level of carry-over.

J. CONCLUDING REMARKS

18. At the mid-point of the 1978-1981 medium-term plan, the target of \$150 million for contributions is by no means assured. It is, therefore, prudent to plan on the basis of resources actually pledged or expected, while continuing every effort to obtain both contributions from countries not pledging at present and increased contributions from those countries contributing amounts that are less than commensurate with their means, as well as countries that have maintained their pledge unchanged since 1973.

19. The Executive Director hopes that Governments will make a concerted effort in other governing bodies to ensure that the budgets of those bodies reflect tangibly their commitment to the protection of the environment. It had never been envisaged that UNEP and the Environment Fund would bear the major cost of environmental activities in the United Nations system. UNEP's investment in pilot projects, co-ordinating mechanisms, and innovative action plans is justified only if the operational agencies of the United Nations system or the Governments concerned which participated in the pilot stage are able to support the follow-up activities in the long run.

K. SUGGESTED ACTION BY THE GOVERNING COUNCIL

20. The Governing Council may wish to consider a decision along the following lines:

(a) Contributions

- (i) Express its satisfaction to Governments that have contributed to the Environment Fund for the first time and to those that have increased their contributions above earlier levels;
- (ii) Appeal to Governments that are not contributing to contribute to the Fund and to those contributing amounts below their means to increase their contributions;
- (iii) Appeal to Governments that have not revised their pledges since 1973 to reconsider the level of their pledges, so as to maintain, at least, their value in real terms;
- (iv) Express its concern at the problems of late payments, and invite Governments to make more substantial payments in the first quarter of the year;

(b) Appropriation and apportionment from the Environment Fund for 1980-1981

- (i) Decide to increase the level of the 1980-1981 appropriation for Fund programme activities from that of \$61.20 million approved at its seventh session to \$67.85 million;
- (ii) Decide to apportion the revised appropriation for Fund programme activities as follows:

<u>Fund programme activities</u>	<u>1980</u> <u>(\$000)</u>	<u>1981</u> <u>(\$000)</u>	<u>Total</u> <u>1980-1981</u> <u>(\$000)</u>
01 Human settlements and human health	4,500	3,700	8,200
03 Support	6,600	6,100	12,700
04 Environment and development	2,150	2,250	4,400
05 Oceans	3,650	3,850	7,500
07 Energy	900	600	1,500
10 Environmental management (including environmental law)	750	750	1,500

	1980 (\$000)	1981 (\$000)	Total 1980-1981 (\$000)
11 Terrestrial ecosystems	6,250	5,550	11,800
12 Natural disasters	250	250	500
13 Earthwatch (including IRPTC)	6,300	5,800	12,100
16 Environmental data	600	500	1,100
17 Arid lands (including desertification)	3,300	3,250	6,550
Total Fund programme activities	<u>35,250</u>	<u>32,600</u>	<u>67,850</u>

(iii) Endorse the Executive Director's intention to maintain a minimum balance of the Fund at the year end of 1980 and 1981 of not less than \$5 million in convertible currency in addition to the financial reserve, until such time as the record of payment of pledges early in the year improves;

(iv) Reconfirm a Fund programme reserve of \$1 million for each of the two years 1980 and 1981;

(v) Approve forward commitments of \$16 million for the biennium 1982-1983;

(vi) Reconfirm the Executive Director's authority to adjust the apportionment by 20 per cent in each budget line, within the over-all appropriation for the biennium 1980-1981;

(vii) Approve the level of the financial reserve for 1980 at \$3.7 million and for 1981 at \$3.5 million.

II. IMPLEMENTATION OF THE FUND PROGRAMME AND ADMINISTRATION OF TRUST FUNDS IN 1979

A. THE APPROPRIATION FOR THE FUND PROGRAMME IN 1979, ITS APPORTIONMENT, AND ITS ALLOCATION BY THE EXECUTIVE DIRECTOR

21. In accordance with Governing Council decision 7/14 C, paragraph 5, the appropriation for Fund Programme activities in 1979 was \$42.8 million. Of that total, the Executive Director allocated \$36.15 million. The apportionment of that appropriation to budget lines approved by Governing Council and the allocation to each budget line by the Executive Director is set out in Table 2.

B. THE BALANCE OF THE FUND

22. The allocation of \$36.15 million authorized by the Executive Director (excluding \$1 million for the Fund programme reserve) was less than the appropriation approved by the Governing Council. The principal reason for this was concern during the year about the rate at which contributions were being received compared with earlier years (see para. 6 above), and the impact that this had on the balance of the Fund. In the circumstances the Executive Director had, necessarily, to adopt a cautious approach to the allocation of the appropriation in order to ensure the liquidity of the Fund at all times, as requested by the Council in decision 6/13 D, paragraph 7.

C. FUND PROJECT COMMITMENTS

23. Net new commitments of \$10.9 million were approved in 1979 for disbursement in 1979 (including commitments of \$0.1 million against the Fund programme reserve), which together with the commitments of \$23.2 million entered into before 1979 for that year made up the 1979 programme of \$34.1 million. The distribution of the 1979 Environment Fund commitments by budget lines is set out in Table 3.

24. New commitments were entered into more slowly than anticipated in 1979 since, as noted above, the Executive Director did not allocate the full appropriation approved by Governing Council. Also, certain commitments were cancelled and a number of activities planned for 1979 had to be held back until 1980. Accordingly, only 77.8 per cent of the appropriation was committed to Fund programme activities in 1979, although in terms of the allocation, commitments represented 91.8 per cent. Table 4, which gives the allocations, commitments and expenditures for 1973-1979, permits a comparison of these figures with those for previous years.

25. New commitments totalling \$28.8 million were also approved in 1979 in respect of the years 1980-1982. Aggregating these new commitments with those for the years 1980-1982 incurred in earlier years, outstanding forward commitments as at 31 December 1979 (together with commitments for 1979) were as follows:

	Approved before 1979 (\$ million)	Approved in 1979 (\$ million)	Total (\$ million)
1979	23.2	10.9	34.1
1980	4.9	15.4	20.3
1981	1.8	10.7	12.5
1982	-	2.6	2.6
Total	29.9	39.7	69.6

N.B.: Figures in this table are rounded and as a result contain normal rounding errors when added up in this form.

26. The total new project commitments (net of cancellations) approved by the Fund in 1979 for expenditure in 1979 or later years, was \$39.7 million. The distribution of those commitments by year and by budget line is set out in Table 5.

27. Taking into account projects approved in principle but not yet formally signed and also delayed activities that will necessarily have to be rephased from 1979, total commitments for 1980 are estimated at approximately \$27 million as at 31 December 1979.

28. Of the total of new commitments entered into 1979 of \$39.7 million, \$8.6 million, or 21.7 per cent, were for spending in non-convertible currencies. Total forward commitments in these currencies as at 31 December 1979 were as follows:

	<u>Approved before 1979</u> <u>(\$ million)</u>	<u>Approved in 1979</u> <u>(\$ million)</u>	<u>Total</u> <u>(\$ million)</u>
1979	3.3	0.1	3.4
1980	0.9	3.5	4.4
1981	0.5	3.4	3.9
1982	-	1.6	1.6
Total	<u>4.7</u>	<u>8.6</u>	<u>13.3</u>

D. INSTITUTIONAL DISTRIBUTION

29. Table 6 analyses Fund programme commitments in terms of the institutions responsible for implementing Fund projects. It compares the commitments implemented by individual institutions in 1978 with the commitments implemented by the same institutions in 1979. Summarized, the distribution of commitments by type of implementing agency in 1978 and 1979 was as follows:

	<u>Commitments/</u> <u>Expenditures</u> <u>1978</u> <u>(\$ million)</u>	%	<u>Commitments</u> <u>1979</u> <u>(\$ million)</u>	%	<u>Expenditure</u> <u>1979 a/</u>
Co-operating agencies	10.2	44.5	14.0	41.2	
Supporting organizations	5.8	25.4	10.0	29.4	
Programme activity Centres	3.0	13.0	3.7	10.9	
Direct Implementation	4.0	17.1	6.3	18.5	
Total	<u>23.0</u>	<u>100.0</u>	<u>34.0</u>	<u>100.0</u>	

a/ Not available before 31 March 1980.

30. Although the total commitments for projects undertaken by co-operating agencies rose from \$10.2 million in 1978 to \$14.0 million in 1979, the proportion of the total commitments fell from 44.5 per cent to 41.2 per cent, largely due to the increase in the proportion of commitments entered into with supporting organizations from 25.4 per cent in 1978 to 29.4 per cent in 1979. The latter increase was partly the result of the higher commitments entered into with Government organizations in respect of non-convertible currency projects.

31. There were 149 projects undertaken with co-operating agencies in 1979, compared with 152 in 1978. The number of projects undertaken with supporting organizations rose from 65 in 1978 to 83 in 1979. There were 59 internal projects in 1979, the same as in 1978, excluding five programme activity centres in both years.

E. GEOGRAPHICAL DISTRIBUTION

32. The geographical distribution of commitments in respect of Fund programme activities is set out in Table 7. From this analysis, it is evident that the total of commitments designated as global dropped from 66 per cent in 1978 to 60 per cent in 1979. The regional distribution of fund commitments between 1978 and 1979 changed as follows:

	<u>1978</u>	<u>1979</u>
	%	%
Africa	10.4	11.9
Asia	6.6	10.5
Europe and Mediterranean	11.1	9.2
The Americas (Including Caribbean)	<u>5.9</u>	<u>7.7</u>
Total	<u>34.0</u>	<u>39.3</u>

Great care must, however, be exercised in interpreting these figures. The analysis does not attempt to show where projects are physically located, but which region primarily benefits. Where a project benefits more than one region - and in practice this means all UNEP training programmes, the Regional Advisory Service and the Regional Information Service - those projects are classified as "global", even though the benefits are regional - or more particularly inter-regional - rather than global.

F. THE NUMBER AND COST OF PROJECTS APPROVED

33. Fifty-seven new projects were formally approved by the Fund during 1979, although another 19 projects had been prepared and accepted under the Fund project decision procedures and sent to the implementing agencies for signature, but not received back for signature by the Fund - and therefore formal approval - by 31 December 1979.

34. Of the 57 approved projects, 26 will cost the Fund more than \$100,000 each, while 31 will cost less than that sum. A list of new projects approved in 1979 is included in Report to Governments No. 23.

35. Ninety-three projects were closed during 1979, and as at 31 December 1979, 286 projects financed by the Fund were still open.

G. FUND PROGRAMME RESERVE

36. In accordance with Governing Council decision 7/14 C, paragraph 5, the Fund Programme Reserve was maintained at \$1,000,000 in 1979. However, no project commitments were charged to the reserve in the year. On the other hand, in accordance with decision 6/13 A, paragraph 6, a sum of \$104,005 was charged to the Fund programme reserve in order to bring the uncommitted balance of the Revolving Fund (Information) up to the sum of \$200,000.

H. PROGRAMME AND PROGRAMME SUPPORT COSTS

37. The Governing Council, by decision 7/14 F, paragraph 10, approved a revised appropriation for programme and programme support costs of \$15,390,800 for the biennium 1978-1979. \$6,500,715 was disbursed in 1978 and an additional \$453,013 was obligated, giving a total expenditure for the year 1978 of \$6,953,728. The balance of the appropriation available for 1979 was accordingly, \$8,376,562.

38. In accordance with the Executive Director's declared intention to administer the programme and programme support costs budget with the utmost economy and restraint (decision 9/14 F, para. 2), substantial economies were achieved, and expenditure for the year 1979 was \$8.0 million, including additional obligations incurred.

I. TRUST FUNDS

39. The following trust funds established in 1978/1979 by the Secretary-General are now administered by the Executive Director in accordance with Chapter II, Article V of the general procedures governing the operations of the Fund of UNEP:

(a) Protection and Development of the Marine Environment and Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (established 22 November 1978);

(b) Protection of the Mediterranean Sea against Pollution (established 24 July 1979);

(c) Convention on International Trade in Endangered Species of Wild Flora and Fauna (established 24 July 1979).

40. Total contributions paid during 1978-1979 to the Trust Fund for the Protection and Development of the Marine Environment and Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates were \$1,922,198. ^{2/} The Executive Director allocated \$500,000 of this sum for commitments against this Trust Fund, and two projects with total commitments of \$187,500 in 1979 were signed during 1979.

41. The Trust Fund for the Protection of the Mediterranean Sea against Pollution had received contributions totalling \$1,101,947 as at 31 December 1979. The Executive Director allocated \$285,000 in respect of the Mediterranean Trust Fund on 30 August 1979, but this amount was subsequently increased to \$1,050,000 by 11 December 1979 as additional contributions were received. As at 31 December 1979, commitments totalled \$500,000; ^{2/} \$305,294 in 1979 and \$194,706 in 1980.

42. Since no contributions for the Trust Fund, the International Convention on Trade in Endangered Species of Wild Fauna and Flora had been received by 31 December 1979, no allocation had been issued by the Executive Director and no commitments entered into.

43. The establishment of another trust fund, to finance the five year state of the environment report, was approved by the Governing Council (decision 6/13 D, para. 10) as an open-ended trust fund for the period 1978-1982. Further consideration of the advisability of having such a Fund within the framework of the Environment Fund led the Executive Director to keep its establishment in abeyance, in view of the fact that the activities to be financed by it are expected to cover a five-year period starting in 1980, and hence do not coincide with the preparation of the state of the environment report for 1982. Discussions are under way with the International Federation of Institutes for Advanced Studies regarding the administration of such a fund. There are encouraging indications that several non-Governmental foundations will contribute generously to a fund of this kind.

^{2/} Details of contributions to each trust fund will appear in Report to Governments No. 24.

Table 2

THE 1979 APPROPRIATION FOR FUND PROGRAMME ACTIVITIES ITS
 APPORTIONMENT BY BUDGET LINES AND THE ALLOCATION
 TO BUDGET LINES ASSIGNED BY THE EXECUTIVE DIRECTOR

Areas	Appropriation/ Apportionment	Allocation
	\$	\$
01 Human Settlements and Human Health	5,200,000	4,200,000
03 Support	7,700,000	7,350,000
04 Environment and development	3,100,000	2,800,000
05 Oceans	5,000,000	4,400,000
07 Energy	800,000	650,000
10 Environmental Management (Including environmental law)	1,400,000	500,000
11 Terrestrial Ecosystems	9,000,000	7,400,000
12 Natural disasters	400,000	100,000
13 Earthwatch	6,500,000	5,950,000
16 Environmental Data	700,000	600,000
17 Arid and semi-arid lands (including desertification)	3,000,000	2,200,000
Total Fund programme activities	42,800,000	36,150,000
Total Fund programme reserve activities	1,000,000	1,000,000
Grand Total	43,800,000	37,150,000

Table 3

1979 COMMITMENTS FOR FUND PROGRAMME ACTIVITIES AND FUND PROGRAMME RESERVE ACTIVITIES AS AT 31 DECEMBER 1979

Areas	Allocation	1979		1979	
		Total Commitments	Commitments Incurred before 1979	Commitments Incurred in 1979	Commitments Incurred in 1979
	\$	\$	\$	\$	\$
01 Human Settlements and human health	4,200,000	4,021,875	3,208,247	813,628	
03 Support	7,350,000	7,040,165	4,958,286	2,081,879	
04 Environment and development	2,800,000	2,755,200	1,260,024	1,495,176	
05 Oceans	4,400,000	3,539,001	2,744,010	794,991	
07 Energy	650,000	552,267	391,900	160,367	
10 Environmental management (including environmental law)	500,000	451,611	224,611	227,000	
11 Terrestrial ecosystems	7,400,000	7,085,373	4,555,915	2,529,458	
12 Natural disasters	100,000	97,704	60,000	37,704	
13 Earthwatch	5,950,000	5,842,051	4,375,310	1,466,741	
16 Environmental data	600,000	598,877	439,470	159,407	
17 Arid and semi-arid lands (including desertification)	2,200,000	2,006,871	984,184	1,022,687	
Total Fund programme activities	36,150,000	33,990,995	23,201,957	10,789,038	
Total Fund programme reserve activities	1,000,000	104,005	-	104,005	
Grand Total	37,150,000	34,095,000	23,201,957	10,893,043	

Table 4

ALLOCATIONS, COMMITMENTS AND EXPENDITURES 1973-1979
AS AT 31 DECEMBER 1979

	Allocations <u>a/</u>		Commitments <u>b/</u>		Expenditure		Expenditure/ Commitments		Expenditure/ Allocations	
	\$	%	\$	%	\$	%	%	%	%	%
1972/1973	5,500,000	7.6	418,000	7.6	361,699	86.5				6.6
1974	19,600,000	27.4	5,371,000	27.4	4,015,675	74.8				20.5
1975	22,700,000	77.9	17,677,219	77.9	13,146,540	74.4				57.9
1976	35,000,000	67.0	23,442,710	67.0	15,807,966	67.4				45.2
1977	36,700,000	78.3	28,720,316	78.3	21,271,047	74.1				58.0
1978	34,150,000	87.7	29,938,243	87.7	22,902,469	76.5				67.1
1979	37,150,000	91.8	34,095,000	91.8	28,000,000 ^{c/}	80.8				75.4

a/ Including Fund programme reserve.

b/ Including projects held against Fund programme reserve.

c/ 1979 expenditures are unavailable at the time this document is prepared; they have therefore been estimated.

Table 5

NEW COMMITMENTS APPROVED DURING THE YEAR 1979 FOR FUND PROGRAMME ACTIVITIES
AND FUND PROGRAMME RESERVE ACTIVITIES

COMMITMENTS APPROVED FOR YEARS 1979-1982

Areas	COMMITMENTS APPROVED FOR YEARS 1979-1982				
	Total Commitments Approved During 1979	Commitments Approved For 1979	Commitments Approved For 1980	Commitments Approved For 1981	Commitments Approved For 1982
01 Human Settlements and human health	3,849,692	813,628	1,536,024	1,016,070	483,970
03 Support	6,618,605	2,081,879	2,809,746	1,726,980	-
04 Environment and development	2,811,150	1,495,176	1,059,724	145,650	110,600
05 Oceans	3,485,075	794,991	1,770,764	890,320	29,000
07 Energy	628,097	160,367	394,730	73,000	-
10 Environmental management (including Environmental law	567,900	227,000	257,600	83,300	-
11 Terrestrial ecosystems	6,449,325	2,529,458	2,560,317	1,234,110	125,440
12 Natural disasters	37,704	37,704	-	-	-
13 Earthwatch	10,781,278	1,466,741	3,810,379	4,001,237	1,502,921
16 Environmental data	423,605	159,407	195,882	47,316	21,000
17 Arid and semi-arid lands (including desertification)	3,918,687	1,022,687	1,036,300	1,493,000	366,700
Total Fund programme activities	39,571,118	10,789,038	15,431,466	10,710,983	2,639,631
Total Fund programme reserve activities	104,005	104,005	-	-	-
Grand Total	39,675,123	10,893,043	15,431,466	10,710,983	2,639,631

Table 6

DISTRIBUTION OF COMMITMENTS BY INSTITUTIONS IMPLEMENTING
FUND PROJECTS 1978 AND 1979

	Commitments 1978	No. of Projects	Commitments 1979	No. of Projects
<u>Co-operating agencies</u>				
United Nations DTED	129,644	7	493,136	5
ECA	52,340	4	216,828	3
ECE	451,241	4	287,494	4
ECLA	559,989	4	907,134	5
ECWA	-	-	252,700	2
ESCAP	346,361	5	157,030	4
ADI	16,048	1	168,000	1
IDEP	142,805	1	-	-
UNCTAD	249,812	4	191,087	4
UNICEF	35,321	1	235,179	1
UNDP	-	-	75,000	1
UNDRO	68,686	2	67,475	1
UNGHS	797,710	4	470,028	3
UNRISD	141,509	1	120,350	1
UNSO	-	-	690,000	2
ILO	60,483	3	149,317	5
FAO	2,219,543	33	2,434,728	32
IARC	-	-	67,900	1
UNESCO	2,167,821	24	2,981,108	20
IOC/UNESCO	187,391	9	512,482	8
WHO	975,432	15	1,661,027	16
WMO	1,111,873	17	1,061,606	17
IMCO	307,228	6	317,014	8
IAEA	165,101	4	354,680	4
Joint agency projects	4,945	3	19,456	1
Total co-operating agencies	10,191,283	152	13,890,759	149

Table 6 (cont'd)

	Commitments 1978	No. of Projects	Commitments 1979	No. of Projects
<u>Supporting organizations (cont'd)</u>				
ALECSO	169,040	3	420,376	3
CEFIGRE	222,796	1	416,042	1
CEI	-	-	123,296	2
CIRED	106,013	2	173,523	1
Environment Liaison Board	154,896	4	150,286	5
Government of China	15,304	2	266,351	3
Government of Kenya	(10,907)	2	141,334	1
Government of Mongolia	-	-	691,975	1
Government of the Philippines	108,958	1	447,199	1
Government of Poland	42,566	3	191,277	5
Government of Spain	310,085	2	674,051	1
Government of Sri Lanka	160,196	1	71,736	1
Government of the USSR	1,063,400	4	1,496,734	9
Government of Indonesia	47,540	1	756,202	1
IBPGR	-	-	168,000	1
ICIPE	241,363	1	306,559	1
IFIAS	75,273	2	106,193	3
IIASA	412,343	3	38,631	3
IIED	316,778	4	272,763	2
IITA	499,838	2	167,636	2
IRRI	140,000	1	-	-
IUCN	1,085,171	3	1,289,432	3
IWM	-	-	155,663	1
Kings College, London	101,114	1	123,300	1
Pergamon Press	-	1	205,000	1
SCOPE	99,948	3	197,000	3
WWI	40,956	1	241,256	1

Table 6 (cont'd)

	Commitments 1978	No. of Projects	Commitments 1979	No. of Projects
<u>Supporting organizations (cont'd)</u>				
Others	406,239	18	817,856	26
Total supporting organizations	5,808,910	66	10,109,671	83
Programme activity centres	2,980,859	5	3,656,302	5
Direct contracting	3,921,417	59	6,334,263	59
Grand Total	22,902,469	282	33,990,995	296

Table 7

GEOGRAPHICAL DISTRIBUTION OF FUND PROGRAMME ACTIVITIES BY YEAR
 (Percentages)

	1973	1974	1975	1976	1977	1978	1979
Africa	17.5	12.3	9.0	9.2	7.3	10.4	11.9
Asia ^{a/}	2.2	6.5	5.7	4.5	6.4	6.6	10.5
The Americas (Including Caribbean)	-	12.7	3.2	2.6	3.9	5.9	7.7
Europe and Mediterranean	1.8	2.1	4.2	6.8	10.7	11.1	9.2
Total regional	21.5	33.6	22.1	23.1	28.3	34.0	39.3
Global projects	78.5	66.4	77.9	76.9	71.7	66.0	60.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{a/} Asia includes Western Asia, Asia and Pacific.

III. PROJECT EVALUATION

A. INTRODUCTION

44. This report is presented in response to Governing Council decision 96 (V), paragraph 6, which requested the Executive Director to report regularly, at each session, on the progress of project and programme evaluation. Further guidance on evaluation activities and procedures to be applied was subsequently given by Council decision 6/13 B. This report should be read together with paragraphs 38-43 of the introductory report of the Executive Director (UNEP/GC.8/2), which present new perspectives for fund and programme evaluation based on the introduction of the system-wide medium-term environment programme.

B. PROGRESS REPORT

45. In-depth project evaluations form a major part of the over-all project evaluation programme. Each exercise focusses on specific programming or management points which are felt to be significant enough to warrant intensive examination. In line with suggestions made at the seventh session of the Governing Council, increasing attention is given to reviewing clusters of projects with similar goals or lines of action. The advantages of this approach over a project-by-project one are several: it permits a more coherent and integrated view of a particular aspect of the UNEP programme, and the efficiency of each exercise is enhanced without increasing costs.

46. Six in-depth project evaluation exercises have been completed in 1979, covering 38 individual projects.

47. A UNEP consultant evaluated two Fund-supported projects on mixed cropping systems with the International Institute of Tropical Agriculture (IITA), Ibadan, Nigeria, as an example of UNEP participation in the Consultative Group on International Agricultural Research (CGIAR). The report made recommendations about effective ways for UNEP to participate in CGIAR. It also stressed that support for scientific research programmes must be decided on in full realization of the magnitude and duration of support required.

48. A team comprised of representatives of UNEP, UNESCO and FAO evaluated five projects, three of them under IPAL (Integrated Project on Arid Lands), implemented as part of UNESCO's MAB 3 project, and two under EMASAR (Ecological Management of Arid and Semi-Arid Rangelands) implemented with FAO. The evaluation focussed on the projects' contribution to the programme as revised after the adoption of the Plan of Action to Combat Desertification. The mission recommended that UNEP-supported activities be more focussed towards objectives of the Plan and that the latter be translated into specific activities through increased programming efforts. Proposals for follow-up action based on the report are currently under discussion between UNEP, UNESCO and FAO.

49. Representatives from UNEP and WHO evaluated the five projects in health-related monitoring implemented under the GEMS programme. They were found to be technically sound. The objectives of the projects were confirmed as being of major world-wide significance, but the mission stressed that the establishment of monitoring networks would take a long time during which UNEP would have to maintain both financial and intellectual interest in order to avoid their premature termination.

50. An evaluation of two Fund-supported projects on eutrophication of surface waters was undertaken. Both projects, one a symposium, the other a training course, were implemented in co-operation with the Institute of Water Economy of the Ministry of Environmental Protection and Water Management of the German Democratic Republic. In addition to recommendations on the projects, the report discussed whether UNEP should continue to finance direct training activities or whether it should support activities having a better multiplier effect, such as support to training institutions for development of educational materials, curricula and teaching methodology. It also suggested that the selection of programme activities to be financed out of non-convertible currencies be based on a joint review by UNEP and the country concerned of specific capacities existing in the country in those areas already identified by UNEP for priority action.

51. Two consultants reviewed 17 projects implemented with IUCN which form the major part of UNEP support to conservation activities. They also consulted with FAO and UNESCO, the United Nations agencies most active in this field. The report found the present project concept to be in line with the goals pursued by UNEP. It proposed useful changes in the world conservation strategy which was being drafted at the time of the evaluation, and further recommended strengthening of that strategy by taking greater account of development and the socio-economic aspects of conservation. It also recommended that, in field activities, IUCN should seek better co-ordination with other programmes, especially those of UNDP, and should maintain closer links with the resident representatives. It advised on the functioning of the Ecosystems Conservation Group, of which UNESCO, FAO, IUCN and UNEP are members, and on the role and functions of the Conservation Task Force within UNEP.

52. A review of environmental management training activities was undertaken by one consultant, taking six major projects as samples. The report suggests ways and means of sharpening objectives and focussing strategy in this programme area in line with UNEP's specific role, and makes proposals to this effect, recommending in particular closer relationships between environmental management training and substantive areas selected for priority action. It also recommended a shift from direct training support towards long-term strengthening of a basic set of institutions by facilitating direct exchange of experience and information among trainers and through improvement of the quality, variety, coherence and timeliness of information relied upon for training activities.

53. In addition to in-depth evaluation exercises, some 40 desk evaluations of completed projects were prepared internally during 1979 and 20 had been presented in the (UNEP/FUND/PROJECTS/C series as of 31 December 1979, the rest to follow as consultations with partners on results are completed.

54. With concentration of efforts on the above activities, less emphasis has been laid upon sectoral analyses covering all projects in one given programme area, although such work is continuing on a modest basis. On the other hand, evaluation of project clusters has constituted a similar if less ambitious effort for instance the IUCN group of projects covering 17 out of 23 projects in the Wildlife and parks sector.

55. Through its participation in the appraisal process, the Evaluation Unit has attempted to feed back results of evaluation of old projects into the design of new projects, as well as to ensure that evaluations would be feasible at a later stage. The Unit has reviewed over 50 project proposals in this connexion.

56. In addition to the above, the Unit has secured information on developments in other evaluation units in the United Nations system with a view to utilizing their experience, to the extent possible, in its own efforts and activities.

57. Major findings from the above evaluation activities can be summarized as follows:

(a) A special effort appears to be required to improve project design at the level of definition of project objectives. When objectives are loosely defined, evaluators can only establish their own understanding on the basis of information made available during briefing. Although somewhat subjective, this exercise is nevertheless indispensable to give the evaluators a basis for comparison with actual results; while experience has shown that useful evaluations can still be performed in the case of projects which do not have clearly defined objectives greater efforts must be made to define project objectives better and more precisely at the appraisal and approval stage;

(b) UNEP should make better use, when operating at country level, of capacity already existing in other field programmes, especially UNDP;

(c) A stronger linkage between priority areas and support activities would enhance the effectiveness of both;

(d) Substantive monitoring, follow-up and utilization of results in UNEP-financed activities needs to be improved;

(e) Support to scientific research activities cannot be expected to yield results on the basis of short-term, and should be given only when the funding and its duration are commensurate with a sustained long-term effort;

(f) Special and precise studies of impact audiences and their needs must precede information and training efforts if they are to yield maximal returns.

58. These points rank among the classical weaknesses which may be apparent in any programme activities designed to have an impact at the global level. It is the merit of the evaluation exercises conducted to date to have selected, among other potential weak points, those which are particularly relevant to the management of resources mobilized to play a catalytic and co-ordinating role in the promotion of new programmes at such a level. It should be pointed out, however, that much more progress is required before evaluation exercises can fully review project impact, especially in global terms, but also at the individual country level, and that further efforts are required to determine how this can be done with a reasonable expenditure of effort and resources, i.e. under the constraints applicable to UNEP.

C. ORGANIZATIONAL FRAMEWORK AND METHODOLOGY FOLLOWED IN PROJECT EVALUATIONS

59. The important constraints which govern project evaluation exercises have been outlined in prior presentations to the Governing Council and especially in documents UNEP/GC/96/Add.1 and UNEP/GC/6.14. They include long lead time in preparation, cost factors, availability of appropriate expertise and, most important, the capacity of the secretariat to absorb results and translate them into programme directives. Since programme improvement can take place through other, less costly methods, in-depth evaluations are only carried out when it has been established that such exercises are the best way of addressing a certain programming or implementation problem. To be selected, projects must meet standards of evaluability, particularly in terms of precision of their objectives or, at least, possibility of reconstructing them with some accuracy. In practice, project evaluations have yielded valuable conclusions and recommendations which, as they become implemented, will bring significant progress in programme improvement and development.

60. Taking the above factors into account, the Executive Director is of the opinion that, at this stage, approximately ten in-depth evaluation exercises should be conducted each year, together with approximately 100 desk evaluations of completed projects and other related activities.

61. As to external versus internal evaluation, experience has shown that heavy staff involvement was indispensable in in-depth evaluation exercises bearing on UNEP projects. Not only is it important to involve project managers in such exercises so as to facilitate feedback of results; experience has also shown that consultants, even those with significant experience in other United Nations organizations, require extensive briefing on UNEP programming concerns and procedures which can only come from staff familiar with these issues. Also, where operational concerns are the primary focus of an evaluation exercise, it can usually be performed

by staff of the Evaluation Unit in co-operation with the implementing partners. When external consultants are required, a minimum of six months forward planning is needed in order to ensure that the results of evaluations can be made available at the time when they will be most useful. It should be noted here that, in line with past recommendations made by the Governing Council, special efforts are being made, with assistance from the regional offices, to secure the services of experts from the regions whenever regional environmental concerns are a specific focus of in-depth evaluation exercises.

62. Project evaluations functions are placed under the direct responsibility of the Deputy Executive Director; programme managers in both Programme and Fund Bureaux give support, as appropriate, to the staff who discharge them under his authority, while acknowledging their independence in this respect. This is in line with Governing Council decision 6/13 B, paragraph 3. Decisions made on the basis of the conclusions of each evaluation report take full account of the opinions of both Bureaux and the observations of the evaluation staff.

D. ON-GOING AND PROPOSED ACTIVITIES

63. In-depth evaluations covering individual projects or groups of projects have been found worthwhile and should continue. In selecting projects for evaluation, the guidelines stated in document UNEP/GC.7/13, paragraph 10, will be followed, with more attention given to evaluation of pilot/demonstration projects. An evaluation component built in at the outset is indispensable for this type of project, as they represent a higher risk than others and results cannot be said to be conclusively proven without baseline data for comparison, monitoring and feedback.

64. Reports on completed projects are being stepped up to parallel their rate of completion, and the "Impact" section is being given particular attention with a view to strengthening it as much as feasible on the basis of information available. A more timely presentation in the UNEP/FUND/PROJECTS/C series is to be expected.

65. Sectoral analyses will continue, endeavouring to bring a contribution to programme evaluation.

66. While a study of the over-all impact of Fund-financed projects or of part thereof would belong to Fund programme evaluation at Level Three and depends on the establishment of a satisfactory methodology in step with new planning presentations and, in particular, with the formulation of the system-wide medium-term environment programme, more limited impact studies should be conducted in an effort to strengthen this aspect of the project evaluation programme. A modest start is at present being made with a comparative review of factors which were instrumental in bringing about specific changes in the United Nations agencies concerned or in countries' policies. It is hoped that this will also make a significant contribution to programme evaluation.

67. While feedback of results goes well beyond the responsibilities of the Evaluation Unit, the Unit plays a part in this respect through its activities in appraisal of new project proposals and through its participation in related modifications of Fund policies and procedures.

E. SUGGESTED ACTION BY THE GOVERNING COUNCIL

68. The Governing Council may wish to take note of progress achieved in the project evaluation programme since the last session of the Governing Council and to give support to the continuation of that programme along the lines described above. The Council may also wish to request the Executive Director to continue to report at each session on progress achieved while also providing Governments with detailed information on the results of in-depth and desk project evaluations through the UNEP/FUND/PROJECTS/- documents.