

UNITED NATIONS DEVELOPMENT PROGRAMME

FINANCIAL REPORT AND ACCOUNTS

for the year ended 31 December 1977

and

REPORT OF THE BOARD OF AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-THIRD SESSION

SUPPLEMENT No. 5A (A/33/5/Add.1)



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UNITED NATIONS

New York, 1978

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.

The names of countries listed in this document are those used during the period covered by the present report.

CONTENTS

<u>Chapter</u>		<u>Page</u>
LETTERS OF TRANSMITTAL		vi
I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1977		1
II. AUDIT OPINION		16
III. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1977		17
<u>Statement I.</u>	United Nations Development Programme: statement of income and expenditure for the years ended 31 December 1977 and 1976	18
<u>Statement II.</u>	United Nations Development Programme: balance sheet as at 31 December 1977 and 1976	19
<u>Statement III.</u>	United Nations Development Programme: statement of the Operational Reserve as at 31 December 1977 and 1976	20
<u>Statement IV.</u>	United Nations Development Programme: statement of changes in financial position for the years ended 31 December 1977 and 1976	21
<u>Statement V.</u>	United Nations Development Programme: summary of movement in subsidiary programme funds and revenue reserve for the year ended 31 December 1977	22
<u>Statement VI.</u>	United Nations Development Programme - United Nations Development Programme as an executing agency for its projects: status of funds as at 31 December 1977 and 1976	23
<u>Statement VII.</u>	Trust Fund for Assistance to Colonial Countries and Peoples: status of funds as at 31 December 1977 and 1976	24
<u>Statement VIII.</u>	United Nations Capital Development Fund: status of funds as at 31 December 1977 and 1976	25
<u>Statement IX.</u>	United Nations Revolving Fund for Natural Resources Exploration: status of funds as at 31 December 1977 and 1976	26

CONTENTS (continued)

<u>Chapter</u>	<u>Page</u>
<p><u>Statement X.</u> United Nations Trust Fund for Sudano-Sahelian Activities: status of funds as at 31 December 1977 and 1976</p>	27
<p><u>Statement XI.</u> United Nations Volunteers programme: status of funds as at 31 December 1977 and 1976</p>	28
<p><u>Statement XII.</u> United Nations Development Programme - Other trust funds administered by UNDP: status of funds as at 31 December 1977</p>	29
<p>Notes to the financial statements</p>	30
<p>Schedules to the accounts</p>	
<p>1. Status of voluntary contributions pledged as at 31 December 1977</p>	
<p>Part I. UNDP</p>	35
<p>Part II. Special contributions pledged for least developed countries</p>	38
<p>2. Governments' obligations for assessed programme costs as at 31 December 1977</p>	39
<p>3. Governments' obligations for cost-sharing contributions in respect of projects as at 31 December 1977</p>	42
<p>4. Governments' obligations for cash counterpart contributions in respect of projects as at 31 December 1977</p>	44
<p>5. Miscellaneous income and expense for the years ended 31 December 1977 and 1976</p>	47
<p>6. 1977 expenditure by agency</p>	48
<p>7. Administrative and programme support costs: budget appropriations and expenditure for the year ended 31 December 1977</p>	49
<p>8. Administrative costs of the Office for Projects Execution for the year ended 31 December 1977</p>	50
<p>9. Costs of support services for UNDP-executed projects for the year ended 31 December 1977</p>	51
<p>10. Investments as at 31 December 1977 and 1976</p>	52
<p>11. Investments of the Operational Reserve as at 31 December 1977</p>	53
<p>12. Housing loans as at 31 December 1977</p>	54

CONTENTS (continued)

<u>Chapter</u>	<u>Page</u>
13. Junior Professional Officers' Programme: status of funds as at 31 December 1977	55
14. Special Measures Fund for the Least Developed Countries: status of funds as at 31 December 1977 and 1976	56
15. Statement of account for government cost-sharing contributions as at 31 December 1977 and 1976	57
16. Statement of account for government cash counterpart contributions as at 31 December 1977 and 1976	58
17. Trust funds administered by UNDP: status of contributions pledged as at 31 December 1977	59
18. Trust funds administered by UNDP: investments as at 31 December 1977	61
IV. REPORT OF THE BOARD OF AUDITORS	63

LETTERS OF TRANSMITTAL

28 April 1978

Sir,

Pursuant to financial regulation 15.1, I have the honour to submit the annual accounts of the United Nations Development Programme as at 31 December 1977, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Bradford MORSE
Administrator of the
United Nations Development Programme

The Chairman of the Board of Auditors
United Nations
New York

23 June 1978

Sir,

I have the honour to transmit to you the financial statements of the United Nations Development Programme as at 31 December 1977, which were submitted by the Administrator. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board with respect to the United Nations Development Programme accounts for the year 1977.

Accept, Sir, the assurances of my highest consideration.

(Signed) Ahenkora OSEI
Auditor General of Ghana
and
Chairman of the
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1977

1. The Administrator has the honour to submit herewith his financial report for the year ended 31 December 1977, together with the audited accounts of the United Nations Development Programme (UNDP) for the year ended 31 December 1977 and the report of the Board of Auditors. The accounts consist of 12 statements and 18 schedules and also cover the trust funds for which the Administrator has been assigned responsibility.

2. This submission is made in conformity with the decision of the General Assembly 1/ to accept the recommendation of the Fifth Committee 2/ and in conformity with the Financial Regulations and Rules of the United Nations Development Programme, approved by the Governing Council at its thirteenth session, 3/ and as amended by the Governing Council at its nineteenth session 4/ and twenty-first session. 5/

3. The UNDP financial statements incorporate in the relevant figures data obtained from the annual accounts of the participating and executing agencies, thus enabling the Administrator to submit a consolidated statement for 1977 in accordance with the practice commenced in 1973. As of the date of preparation of the present report, the following agencies have provided audited statements:

International Labour Organisation (ILO)
World Health Organization (WHO)
World Bank
Universal Postal Union (UPU)
International Telecommunication Union (ITU)
World Meteorological Organization (WMO)
Inter-Governmental Maritime Consultative Organization (IMCO)
International Atomic Energy Agency (IAEA)
Asian Development Bank

4. The following agencies have provided their statements as submitted for audit:

United Nations, including statements in respect of:
United Nations Industrial Development Organization (UNIDO)
United Nations Conference on Trade and Development (UNCTAD)
Economic Commission for Africa (ECA)
Economic Commission for Europe (ECE)

1/ Official Records of the General Assembly, Twenty-first Session, Supplement No. 16 (A/6316), p. 94, item 78.

2/ Ibid., Twenty-first Session, Annexes, agenda item 78, document A/6596.

3/ Official Records of the Economic and Social Council, Fifty-third Session, Supplement No. 2 (E/5092), para. 195.

4/ Ibid., Fifty-ninth Session, Supplement No. 2 (E/5646), para. 332.

5/ Ibid., Sixty-first Session, Supplement No. 2 (E/5779), para. 430.

Economic Commission for Western Asia (ECWA)
Economic and Social Commission for Asia and the Pacific (ESCAP)
Food and Agriculture Organization of the United Nations (FAO)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
International Civil Aviation Organization (ICAO)
World Intellectual Property Organization (WIPO)
World Tourism Organization (WTO)
Arab Fund for Economic and Social Development (AFESD)
Inter-American Development Bank (IADB)
United Nations Development Programme
(as an executing agency for its projects)

5. As stated in the financial reports for previous years, if there should be subsequent amendments reported after the completion of the audit of the accounts of these participating and executing agencies, they will be reported to the General Assembly and to the UNDP Governing Council at subsequent sessions. Similarly, the Administrator will transmit to subsequent sessions of the Assembly and the Governing Council copies of any relevant resolutions adopted by the legislative or governing bodies of the participating and executing agencies dealing with the audited accounts, as required under UNDP financial regulation 15.2.

6. Changes in the 1976 accounts reported by the agencies after the date of submission of the Administrator's 1976 financial report are as follows:

(a) A decrease of \$71,639 in expenditure, an increase of \$11,289 in the variance account for experts and fellowships, an increase of \$14,674 in miscellaneous income and a decrease of \$976,943 in unspent allocations in respect of the Inter-American Development Bank;

(b) A difference of \$201,906 in the overheads of the Universal Postal Union;

(c) A difference of \$77,813 in the overheads of the World Meteorological Organization.

Adjustments for the above items have been made in the UNDP 1977 financial statements.

Changes in accounting practices and policies in 1977

Presentation of accounts

7. The 1977 accounts are being presented in essentially the same format as that used in previous years. However, as a continuing process of improving the presentation of the accounts in order to provide full disclosure of all relevant information concerning the financial status of the Programme, the following changes have been made in 1977:

(a) A separate statement (statement III) has been included for the Operational Reserve, as well as a separate schedule (schedule 11) giving details of the investments held on behalf of the Operational Reserve as at 31 December 1977;

(b) A statement has been provided to show the distribution of the excess of income over expenditure for the year between the subsidiary programme funds and the revenue reserve and to show the effect on those funds of the transfer of \$3 million

from the Programme Reserve to the Special Measures Fund for the Least Developed Countries and of adjustments made to expenditure previously reported in respect of the 1972-1976 programming cycle (statement V);

(c) Two schedules (schedules 8 and 9 respectively) have been included to show expenditures during 1977 against the appropriations approved by the Governing Council at its twenty-third session: (i) in the amount of \$1,628,930 (gross), less estimated income of \$160,000, for the Office for Projects Execution to be financed from overheads on projects executed by UNDP; and (ii) in the amount of \$1,170,900 (gross), less estimated income of \$125,300, for extrabudgetary costs of programme management and support, administrative and common services and support services for UNDP-executed projects. The total expenditure against each of these appropriations is reflected in the status of funds of UNDP as an executing agency for its projects (statement VI);

(d) The schedule contained in the 1976 accounts showing the unspent allocations issued to participating and executing agencies has been eliminated following agreement between UNDP and the agencies that in 1977 agencies would inform UNDP of the unspent balance of allocations according to their own records, but that this information would not form part of their audited statements.

Accrual accounting for programme expenditure

8. As explained in paragraph 10 of the financial report for the year ended 31 December 1976, ^{6/} a significant change in the basis for reporting programme expenditures was introduced in 1976, whereby executing agencies were requested to include in their expenditures for the year the value of unliquidated obligations for goods and services delivered but not paid for at 31 December 1976 to the extent that this was possible under their own financial rules and regulations. In previous years programme expenditures had been accounted for on the basis of cash disbursements. Although this change was introduced following agreement between UNDP and the executing agencies, it was found that not all agencies were able to apply an accrual method based on the criterion of delivery in a consistent manner. Accordingly, further discussions of this matter were held between UNDP and the agencies during 1977, as a result of which a revised accrual basis was agreed upon, whereby agencies were requested to include in their 1977 expenditures obligations raised in respect of goods and services provided for in the project budgets for 1977 and contracted for by the end of the year. Detailed instructions on how to apply this concept to each component of project budgets were issued by UNDP and, based on the information available at the time of preparation of this report and subject to the receipt of audited accounts from some agencies, all agencies have been able to follow these instructions without major difficulty.

9. As stated in note 1 (b) to the financial statements, on the basis of information received from the agencies, the effect of this change in accounting principle was to increase project expenditure in 1977 by approximately \$13 million. Some agencies have advised UNDP that the change introduced in 1977 had no significant effect on their 1977 project expenditures inasmuch as they had accrued for project expenditures in 1976 in substantially the same manner as they were required to do in 1977.

^{6/} Official Records of the General Assembly, Thirty-second Session, Supplement No. 7A (A/32/7/Add.1).

10. During 1977, UNDP also issued detailed guidelines for recording and reporting forward commitments at year-end, that is, liabilities entered into against project budgets, for future years. While it is recognized that not all agencies' accounting systems are capable of reporting exact and detailed information on commitments at this time, UNDP believes that such data is an essential element in financial planning and management and has urged agencies to adopt their accounting systems so that reliable information on commitments can be obtained in future.

Assessed programme costs

11. In accordance with decisions taken by the Governing Council at its twentieth session, government contributions towards local programme costs are, from 1977, no longer made on an assessed basis. Amounts shown in the 1977 financial statements as "Assessed programme costs" represent collections or adjustments in respect of amounts assessed in 1976 or prior years. At its twenty-third session, 7/ the Council appealed to recipient Governments to make supplementary voluntary contributions in local currency to compensate for payments formerly made available under assessed programme costs.

Government contributions to the costs of UNDP field offices

12. As explained in note 1 (a) to the 1977 financial statements, government contributions to the costs of UNDP field offices have been accounted for on an accrual basis in 1977. In prior years such contributions were recorded as income when received and the statement of income and expenditure reflected the total amount received during the year as a separate income item and an equivalent amount as expenditure. At 31 December 1977, contributions outstanding in respect of 1977 and prior years amounted to approximately \$900,000.

Financial Regulations and Rules

13. At its twenty-third session, 8/ the Governing Council approved the revision of financial regulations 13.1 and 13.3, and took note of the revision of financial rule 101.1 (f), the purpose of these revisions being to provide for the execution of UNDP projects by Governments.

UNDP finances

14. As shown in the statement of income and expenditure (statement I), total income for the year ended 31 December 1977 amounted to \$610,266,242, and total expenditure to \$444,284,060, resulting in a net surplus for 1977 of \$165,982,182. After taking into account the transfer of \$3 million from the Programme Reserve to the Special Measures Fund for the Least Developed Countries as approved by the Governing Council, this net surplus of \$166 million is attributable to excesses of income over expenditure of: (a) \$150.4 million in respect of UNDP main resources; (b) \$15.8 million in respect of Government cost-sharing contributions; and (c) \$2.3 million in respect of Government cash counterpart contributions, offset

7/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3 (E/5940), para. 58 (e).

8/ Ibid., para. 327.

by an excess of expenditure over income of \$2.5 million in respect of the Special Measures Fund for the Least Developed Countries. Details of the movement in these funds during the year and of the balances at 31 December 1977 are given in statement V.

15. The substantial excess of income over expenditure under UNDP main resources was principally due to the level of indicative planning figure (IPF) programme expenditures only reaching \$285.8 million, compared with \$340.6 million in 1976. In June 1977, the Governing Council requested the Administrator to do all he could to ensure that 1977 expenditures from UNDP main resources (IPFs, Programme Reserve and Special Industrial Services (SIS)) reached a target of \$386.2 million, including \$17.5 million of unexpended 1976 expenditure ceilings. ^{9/} However, following the drastic curtailment of programme activities in 1976, it did not prove possible to accelerate the rate of approval of project budgets during 1977 sufficiently for this target of expenditure to be reached by the end of the year. Total expenditures against UNDP main resources were only \$294.4 million \$91.8 million less than the target of \$386.2 million referred to above.

16. The over-all reduction in expenditure of \$73.3 million compared to 1976, coupled with a net increase in total income of \$56.7 million (\$53 million of which related to voluntary pledges), resulted in a marked improvement in the UNDP liquidity position at the end of the year. Statement IV gives details of the changes in the financial position during the year and shows that cash and investments held by UNDP increased from \$128.3 million at the beginning of the year to \$311.1 million at 31 December 1977. It should be noted, however, that out of this increase of \$182.8 million, \$4.4 million represents an increase in accumulated non-convertible currencies.

Operational Reserve

17. In January 1977, the Governing Council 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. ^{10/} In accordance with this decision \$15 million was transferred to the Operational Reserve in 1977 and invested on its account. The status of the Operational Reserve as at 31 December 1977 has been shown in a separate statement in the financial statements (statement III) and details of the investments made on its behalf are given in schedule 11. The 1978 instalment of \$35 million has already been made.

UNDP borrowing authority

18. At its thirty-first session, the General Assembly, under the terms of its resolution 31/165 of 21 December 1976, authorized the Governing Council to approve temporary borrowing authority for the Administrator in 1977. It was not necessary for the Administrator to make use of this authority in 1977.

^{9/} Ibid., Supplement No. 3A (E/6013/Rev.1), para. 311.4.

^{10/} Ibid., Supplement No. 3 (E/5940), para. 58 (j).

Government contributions

19. As at 31 December 1977, the arrears of Government contributions to UNDP for 1977 and prior years amounted to \$34.1 million. Though this represents a slight improvement over the position as at 31 December 1976, when these arrears amounted to \$36.9 million, the amount outstanding is still significant. At its twenty-fourth session, the Governing Council appealed to all Governments either to pay all past due amounts or to indicate to the Administrator that the amounts are uncollectable so that these amounts can be removed from the UNDP books.

Property written off, ex-gratia payments and write-offs of cash and receivables

20. The value of UNDP non-expendable property written off during 1977 amounted to \$30,063. In accordance with UNDP financial rule 113.20, write-offs of property are investigated by the UNDP Headquarters Property Survey Board and are subsequently approved by the Assistant Administrator, Bureau for Administration. Waivers of assessed programme costs totalling \$280,217 were granted by the Administrator in respect of three Governments. An ex-gratia payment of \$2,024 to a UNDP staff member was approved by the Administrator under UNDP financial regulation 14.5. In addition, write-offs of losses of cash and other assets totalling \$2,675 were approved in accordance with UNDP financial regulation 14.6 and a statement of all such amounts written off has been submitted to the Board of Auditors.

Expert hiatus financing and extended sick leave

21. Included as a separate item of expenditure in the statement of income and expenditure for the year ended 31 December 1977 is an amount of \$1,260,658 in respect of expert hiatus financing and extended sick leave. These amounts have been reported to UNDP by executing agencies and represent costs incurred by them in financing experts during periods spent between project assignments (hiatus financing) or on extended sick leave. In 1976 and prior years such costs were chargeable to the expert variance account within limits and according to procedures established by UNDP. Since these costs are not chargeable to project budgets, following the discontinuance of a standard cost system from 1 January 1977, they now constitute a direct charge against UNDP resources. During 1977, UNDP introduced more detailed and stringent procedures for charging and reporting these costs. A breakdown of the total amount charged in 1977 is as follows:

Hiatus financing

(United States dollars)

United Nations	14,857
ILO	1,935
FAO	783,449

800,241

Extended sick leave

United Nations	10,465
UNCTAD	6,189
ILO	104,006
FAO	260,713
UNESCO	45,754
ICAO	8,197
WHO	3,813
ITU	21,280

460,417

Total as shown in statement I

1,260,658Programme Reserve

22. Expenditure incurred by executing agencies on projects financed by the Programme Reserve in 1977 amounted to \$5,188,061 as shown in schedule 6, including \$1 million transferred by UNDP to the United Nations Volunteers programme. In addition, as explained in note 3 to the financial statements, \$3 million was transferred to the Special Measures Fund for the Least Developed Countries and this transfer is shown in statement V. The total utilization of Programme Reserve funds in 1977 was therefore \$8.2 million, out of the allocation of \$39.5 million approved by the Governing Council at its twenty-second session, in paragraph (d) of a decision taken on 1 July 1976, 11/ for the second IPF cycle, 1977-1981.

Special Measures Fund for the Least Developed Countries

23. As shown in schedule 6, expenditure incurred in 1977 out of the Special Measures Fund for the Least Developed Countries amounted to \$9.5 million. Additional contributions received by the Fund during the year were \$4.1 million, details of which are given in schedule 1. After taking account of the transfer of \$3 million from the Programme Reserve referred to in the preceding paragraph, and of a reduction of the Fund by \$136,499 resulting from adjustments made between programmes to correct expenditures reported during the first IPF cycle period 1972-1976, as explained in note 5 to the financial statements, the excess of expenditure over income during the year amounted to \$2.5 million, leaving an unexpended balance at 31 December 1977 of \$17.3 million (schedule 14).

11/ Ibid., Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 292.

Administrative and programme support cost budget

24. The administrative and programme support cost budget for the year 1977 was first submitted to the Governing Council in January 1977 in document DP/233 for an amount of \$77,498,500 (gross) which, after deducting estimated income of \$17,582,500, resulted in net 1977 budget estimates of \$59,916,000. The Council approved additional appropriations in an amount of \$317,000 gross, offset by estimated income of \$87,300 to provide for seven additional Senior Industrial Field Adviser posts during 1977, resulting in a net approved budget of \$60,375,400. At its twenty-fourth session, the Council approved a supplementary appropriation for 1977 of \$208,000 under the programme heading "Jointly financed activities" to provide for UNDP participation in the activities of the Consultative Group on Food Production and Investment. 12/ The final net budget for 1977 thus amounted to \$60,583,400.

25. Schedule 7 gives details by programme of the budget appropriation and the expenditures in 1977 and shows that total net savings of \$1,590,769 were achieved. Over-expenditures were incurred in four programmes and the Administrator will seek the concurrence of the Advisory Committee on Administrative and Budgetary Questions during 1977 in order to transfer credits between programmes as necessary.

26. The budget for 1977 was the first to be submitted and approved in a programme budget format rather than the object of expenditure format which was followed in previous years. A summary of the expenditures for 1977 by main object of expenditure is given in the following table:

<u>Main object of expenditure</u>	<u>Appropriations</u>	<u>Total expenditures</u>	<u>Unencumbered balance</u>
	(United States dollars)		
Salaries and wages	46,844,600	45,815,717	1,028,883
Common staff costs	18,719,300	19,002,403	(283,103)
Travel and transportation	1,399,300	1,156,585	242,715
Permanent equipment	874,800	1,129,116	(254,316)
Other general expenses	11,180,200	10,419,881	760,319
Special expenses	1,291,200	1,231,800	59,400
	<u>80,309,400</u>	<u>78,755,502</u>	<u>1,553,898</u>
Total, gross	80,309,400	78,755,502	1,553,898
Less: Income	19,726,000	19,762,871	(36,871)
	<u>60,583,400</u>	<u>58,992,631</u>	<u>1,590,769</u>
Total, net	60,583,400	58,992,631	1,590,769

UNDP as an executing agency for its projects

27. Statement VI incorporates the financial data relating to all activities of UNDP as an executing agency for its projects. The greater part of project expenditure was incurred by the Office for Projects Execution and amounted to

12/ Ibid., Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 413, decision B.

\$25.8 million in 1977, an increase of \$5.2 million over 1976 when project expenditure amounted to \$20.6 million. At its twenty-third session, in paragraphs (d) and (e) of a decision taken on 4 February 1977, 13/ the Governing Council approved appropriations of \$1,628,930 (gross) for the Office for Projects Execution to be financed from overheads on projects executed by UNDP, less estimated income of \$160,000. Schedule 8 gives details by object of expenditure of the total expenditures incurred against these appropriations.

28. At its twenty-third session, the Governing Council, in paragraphs (f) and (g) of the same decision, also approved appropriations 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, less estimated income of \$125,300. Schedule 9 gives details by programme of the total expenditures incurred against these appropriations.

Trust funds administered by UNDP

29. Separate statements (VII to XI) are presented for the larger and more active trust funds administered by UNDP, and the financial data relating to the other trust funds is combined in statement XII. Details of contributions pledged and investments made on behalf of all these trust funds are given in schedules 17 and 18 respectively. The financial position of the Junior Professional Officers' Programme at 31 December 1977 is provided in schedule 13.

Trust Fund for Assistance to Colonial Countries and Peoples

30. This trust fund was established, following the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in accordance with General Assembly resolutions 1514 (XV) and 3118 (XXVIII), to finance humanitarian assistance projects of national liberation movements recognized by the Organization of African Unity (OAU).

31. As shown in statement VII, income to the Fund in 1977 amounted to \$1.6 million and expenditures to \$1.1 million. At the end of 1977 the balance of the Fund was \$2 million and unspent allocations amounted to \$1.8 million.

32. At its twenty-second session, the Governing Council decided that in order to ensure implementation of programmes of assistance to African liberation movements recognized by OAU, the Administrator should use, in addition to the resources of the liberation movement trust funds, funds available in respect of undistributed indicative planning figures provided for future participants during the period 1977-1981, and not exceeding \$6 million. 14/

United Nations Capital Development Fund

33. The Fund was established by the General Assembly in its resolution 2186 (XXI) of 13 December 1966 and placed under the authority of the Administrator of UNDP

13/ Ibid., Supplement No. 3 (E/5940), para. 255.

14/ Ibid., Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 228 (f).

and the Governing Council by resolution 2321 (XXII) of 15 December 1967. The Fund finances community self-help projects that directly benefit the lowest income groups in the least developed countries.

34. As shown in statement VIII, total income to the Fund in 1977 amounted to \$18.9 million and expenditures to \$8.5 million. At the end of 1977 the Fund had a balance of \$39 million, unspent allocations amounted to \$32.4 million and pledges for 1978 were \$18 million.

United Nations Revolving Fund for Natural Resources Exploration

35. This trust fund was established by the General Assembly in its resolution 3167 (XXVIII) of 17 December 1973, in which it recognized the need to extend and intensify the activities of the United Nations system to meet the need for natural resources exploration in developing countries to accelerate their economic development. Governments undertake to make replenishment contributions to the Fund when the projects financed by the Fund lead to commercial production.

36. As shown in statement IX, total income to the Fund in 1977 amounted to \$4.5 million and expenditures to \$1.9 million. At the end of 1977 the balance of the Fund was \$13.4 million, unspent allocations amounted to \$6.7 million and pledges for 1978 were \$1.1 million.

United Nations Trust Fund for Sudano-Sahelian Activities

37. This trust fund was established pursuant to General Assembly resolution 3253 (XXIX) of 4 December 1974 and Economic and Social Council resolution 1918 (LVIII) of 9 May 1975. In October 1976, the Secretary-General of the United Nations delegated to the Administrator of UNDP the full responsibility for the administration, control and operation of the Fund, including the administration and direction of the United Nations Sudano-Sahelian office (UNSO) at Headquarters and in the field, except that custodianship of the Fund remains with the Secretary-General of the United Nations. UNSO acts as the primary United Nations contact with the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS) and, in consultation with CILSS and the Governments concerned, selects and implements priority projects contained in the CILSS programme of medium-term and long-term recovery and rehabilitation in the eight drought-stricken Sahelian countries.

38. As shown in statement X, total income to the Fund in 1977 amounted to \$10.8 million and expenditures to \$11 million. At the end of 1977, the balance of the Fund was \$22.1 million and unspent allocations amounted to \$7.8 million.

United Nations Volunteers

39. This programme was established by General Assembly resolution 2659 (XXV) of 7 December 1970. At its twenty-fourth session the Governing Council reviewed a report by the Administrator (DP/269) on the activities of the United Nations Volunteers (UNV) and, in paragraph 6 of a decision taken on 30 June 1977, 15/

15/ Ibid., Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 188.

approved, as a practical means of moving toward full funding of all volunteer in-country costs from country IPFs by 1 January 1982: (a) the inclusion of in-country costs for volunteers in projects funded from the Special Measures Fund for the Least Developed Countries, if so requested by the recipient country concerned; (b) the utilization from regular UNDP resources of up to \$1 million in 1978, \$750,000 in 1979, \$500,000 in 1980 and \$250,000 in 1981 for the funding of in-country volunteer costs in the least developed and newly independent countries; and (c) the continued use until 1 January 1982 of the Special Voluntary Fund, at a declining rate and without jeopardy to its specified purposes, to meet in-country costs of volunteers in the least developed and newly independent countries.

40. As shown in statement XI, total income to the UNV programme in 1977 amounted to \$1.9 million, including \$1 million transferred from the UNDP Programme Reserve in accordance with paragraph (a) of the decision taken by the Governing Council at its twenty-second session, 16/ and expenditures to \$2 million. At the end of 1977, the balance of the UNV programme was \$0.5 million.

Fund of the United Nations for the Development of West Irian (FUNDWI)

41. The Fund was established in 1963 by agreement between the Governments of the Netherlands and Indonesia to develop the economy of Indonesia. The Fund is in the course of being terminated. At the end of 1977 the Fund balance amounted to \$742,272 and unspent allocations to \$202,439 (see statement XII).

Trust Fund for the Republic of Zaire

42. This fund was created in 1960 to provide technical assistance to Zaire which could not be met by the normal resources of the United Nations and specialized agencies. The administration of the Fund was transferred to UNDP in 1966. Although the programme of the Fund formally ended with the completion of the agreement signed for the year 1971, residual activity has continued. The residual funds are being utilized in part for limited activities basically in the fields of transport and communications. At the end of 1977, the Fund balance amounted to a deficit of \$10,514 and there were overspent allocations of \$99,532 (see statement XII). Arrangements have been made to absorb any deficit incurred by the activities of the Fund against the country's indicative planning figure.

United Nations Korean Reconstruction Agency - Residual assets

43. The United Nations Korean Reconstruction Agency (UNKRA) was established by General Assembly resolution 410 (V) of 1 December 1950. The Agency was formally terminated in August 1960 and unallocated funds remaining in its account, after settlement of all outstanding claims, were transferred to the United Nations under the provisions of General Assembly resolution 1304 (XIII) of 10 December 1958 to be used for carrying out relief and rehabilitation activities in Korea in conformity with Assembly resolution 410 (V) which established the Agency. Subsequently this trust fund was placed under the responsibility of the Administrator of UNDP effective 1 January 1966. As of December 1977 the residual assets amount to \$23,289 against which commitments in respect of unspent allocations amount to \$8,588 (see statement XII).

16/ Ibid., Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 186.

UNROB Residual Funds - Bangladesh

44. The United Nations Special Relief Office in Bangladesh (UNROB) was a continuation of the United Nations Relief Operations in Dacca (UNROD), established in January 1971 on the initiative of the Secretary-General and endorsed by the General Assembly in its resolution 2790 (XXVI) of 6 December 1971. UNROD completed its activities on 31 March 1973 and was succeeded on 1 April by the United Nations Special Relief Office in Bangladesh. The Secretary-General transferred most of the unexpended funds remaining to the Administrator of UNDP. During 1975 a further \$750,000 was transferred to the Administrator. The funds are being utilized specifically for the projects proposed by the Government of Bangladesh which are considered as falling within the broad framework of relief and rehabilitation activities. As at the end of 1977 the Fund balance amounted to \$654,123 and unspent allocations amounted to \$593,349 (statement XII).

United Nations Trust Fund for the Provision of Operational (OPEX) Personnel in Swaziland

45. This trust fund was established in October 1969 following an agreement between the Government of Sweden and the United Nations to provide technical assistance operational programmes in Swaziland. In 1969 the Secretary-General delegated responsibility for administration and operation of the Fund to the Administrator of UNDP. The operations and assistance provided to Swaziland under the Fund are similar to those described under the Fund for Lesotho (see para. 46 below). At the end of 1977 the Fund balance amounted to a deficit of \$121,303 and there were unspent allocations of \$409,334 (statement XII). It is anticipated that further contributions to this Fund will be made by the Government of Sweden in 1978.

United Nations Trust Fund for Operational Programme in Lesotho

46. This fund was established following an agreement entered into in November 1967 between the Government of Sweden and the United Nations wherein the Government of Sweden offered to finance technical assistance operational programmes in Lesotho. In 1968 the Secretary-General delegated responsibility for the administration and operation of the Fund to the Administrator of UNDP. The Fund finances a number of posts in Lesotho of an operational and administrative type, covering a variety of fields from industrial development and educational planning to road transportation and tourism. The Fund also seeks to assist in the development of sound government infrastructures which are of prime importance to Lesotho. At the end of 1977 the Fund balance amounted to a deficit of \$21,240 and there were overspent allocations of \$21,994 (statement XII). It is anticipated that further contributions to this Fund will be made by the Government of Sweden in 1978.

United Nations Special Fund for Land-locked Developing Countries

47. This fund was established by the General Assembly at its thirtieth session in order to provide assistance to the land-locked developing countries in reducing the additional transport and transit costs facing them. At its thirty-first session, the General Assembly, in resolution 31/177 of 21 December 1976, approved the statute of the Fund and requested UNDP, in close collaboration with the secretariat of the United Nations Conference on Trade and Development, to manage the Fund during an interim period. At its thirty-second session, the General

Assembly, in resolution 32/113 of 15 December 1977, authorized the Administrator to propose, in close collaboration with the Secretary-General of UNCTAD, interim arrangements to implement the aims and purposes laid down in the statute of the Fund until the Fund became operational, subject to approval of such arrangements by the Governing Council of UNDP. The Administrator's proposals regarding these interim arrangements are contained in a report to the Governing Council for consideration at its twenty-fifth session (DP/328).

48. As shown in statement XII and schedule 17 of the accounts, pledges to this Fund for 1978 amounting to \$115,171 had been recorded, of which \$15,000 had been received as at 31 December 1977. At the time of preparing this report, additional pledges amounting to \$569,101 have been recorded in the current year for 1978.

Response to the report of the Board of Auditors for 1977

49. As requested by the Governing Council, and in accordance with the practice commenced in 1975, the response to the report of the Board of Auditors on the UNDP accounts and financial statements is included in the Administrator's financial report for the same year. In the report of the Board of Auditors for the year ended 31 December 1977 the principal matters requiring a specific detailed response from the Administrator are those contained in paragraph 6 of the report. The Administrator's comments on these matters, which relate to the value of certain assets and liabilities, are given in the following paragraphs. For ease of reference, the pertinent paragraph numbers are referred to in the same order as they appear in the report of the Board of Auditors.

Value of assets and liabilities (para. 6)

50. The auditors have expressed concern about the validity of the recorded value of certain assets and liabilities and have qualified their audit opinion accordingly.

Non-convertible currencies (para. 6 (a))

51. The auditors have observed that there has been a substantial increase in the balances of accumulated non-convertible currencies over the past two years and have recommended that future contributions, to the extent possible, should be made in readily usable currency. Similar observations were contained in the audit reports for 1976 and 1975 and the audit opinions on the UNDP accounts for those years were also qualified for the reason that the auditors were not able to satisfy themselves as to the current value of these balances. The Administrator's efforts to increase the utilization of all currencies contributed to the Programme are well known to members of the General Assembly and the Governing Council, who have also considered this question at each of the Council's sessions since January 1976 and have adopted specific decisions on this subject. A report on the Administrator's latest efforts to improve the situation was submitted to the Council in document DP/336 at its twenty-fifth session held in June 1978. The Council's decision in this regard is contained in its report on its twenty-fifth session 17/ which is submitted to the Economic and Social Council and the General Assembly.

17/ Ibid., 1978, Supplement No. 13 (E/1978/53).

Receivables in arrears (para. 6 (b))

52. With regard to the outstanding contributions receivable from Governments referred to under paragraph 6 (b) (i) of the audit report, the latest situation was reported to the Council at its twenty-fifth session. As at 30 April 1978, out of the total amount of \$34.1 million unpaid as at 31 December 1977, \$27.7 million was still outstanding and the Administrator will continue to take whatever steps are available to him to collect the remaining amounts due as soon as possible.

53. As noted by the auditors in paragraph 6 (b) (ii), the Administrator has taken special steps to analyse and clear the amount of \$2.2 million which had built up in the accounts for travel advances and to improve the financial control procedures relating to these accounts. It is hoped that by the end of 1978 these balances will have been brought down to a more reasonable level.

Other items

54. The problem of identifying contributions deposited by Governments into UNDP bank accounts, referred to in paragraph 6 (c) (i) of the auditors' report, was described in the Administrator's response to the report of the Board of Auditors for the year ended 31 December 1976. ^{18/} Apart from delays in identifying deposits which result from the occasional failure to provide UNDP with an adequate description of the purpose of a deposit at the time it is made, there are also some delays in the issuance of signed project documents and therefore in establishing an account receivable to which the amount deposited can be credited. As noted by the auditors, the steps taken in 1977 to minimize the delay in identifying and clearing contributions deposited have succeeded in substantially reducing the amount of such unidentified contributions from \$5.4 million at the end of 1976, to \$2.9 million at the end of 1977. Efforts will continue to identify all deposits made to UNDP and credit such amounts to the proper account.

55. In paragraph 6 (c) (ii), the auditors have drawn attention to the amount of \$1.6 million included under accounts receivable and representing payments made by UNDP field offices on behalf of participating and executing agencies. These amounts cover transactions made by the UNDP field offices on behalf of and at the request of agencies which were not included in the agency operating fund statements at the time UNDP and the agencies were obliged to close their books of account for 1977 in order to submit them in accordance with the deadlines established by their own financial regulations and rules. An agreed procedure exists between UNDP and the agencies whereby the balance of the operating fund is reflected in the final accounts of both UNDP and each agency in the same amount, and the value of those UNDP field office transactions which cannot be included in that balance are held in suspense in the UNDP accounts at year end. These transactions are then processed through the operating fund statements in the beginning of the following year by both UNDP and the agencies. The process of reconciliation between UNDP and the agencies of the transactions recorded in the operating funds is a continuous one and the agencies provide UNDP with detailed reconciliations of these balances at frequent intervals throughout the financial year. Furthermore,

^{18/} Official Records of the General Assembly, Thirty-second Session, Supplement No. 7A (A/32/7/Add.1), chap. I, para. 58.

although some payments made by the UNDP field offices on behalf of agencies were not included in the operating fund balance at the end of the year, it does not follow that these payments were not recorded as expenditure of the year, where appropriate, in the accounts of the agencies, since the agencies may accrue these expenditures on the basis either of the authorizations they have issued or of the original documents evidencing payment which they receive directly from the UNDP field offices.

56. Considerable efforts were made during 1977 to trace the amounts totalling \$284,000 referred to by the auditors in paragraph 6 (c) (iii) which are shown as cash in transit at 31 December 1977. This total represents two remittances made to a bank in one developing country and further intensive efforts are being made to have these funds returned to UNDP.

57. In paragraph 6 (c) (iv), the auditors have pointed out that unidentified items included in bank reconciliations at 31 December 1977 amount to \$345,000 and that in many cases UNDP field offices had not been able to provide bank reconciliations or sufficient information to permit adequate review of bank reconciliations at UNDP headquarters. A description of the inherent difficulties which UNDP encounters in this respect was given in paragraph 56 of the financial report for the year ended 1976, 19/ in the response to the report of the Board of Auditors for 1976. In co-operation with the Accounts Division of the Office of Financial Services at Headquarters, UNDP continues to make every effort to identify and correctly record all outstanding items and to obtain adequate information from banks to enable proper bank reconciliations to be made. In addition, the need for improvement in the quality of UNDP accounting work in the field offices has been recognized. The training course referred to in paragraph 56 of the financial report for 1976, 19/ was held in Africa in the latter part of 1977 as planned and was considered to have been of very great value to those participating. Much more needs to be done, however, in this respect and a similar training course is planned to take place near the end of 1978 for accounting staff from other selected offices.

58. The Administrator has noted the other observations made by the Board of Auditors in paragraphs 7 to 12 concerning agencies' statements, the internal audit function and the Operational Reserve, as well as the comments made in the introduction to the auditors' report concerning the Integrated Systems Improvement Project and the presentation of financial statements. He believes that no further comments on these subjects are required on his part in addition to information provided elsewhere in the UNDP financial report and accounts for the year ended 31 December 1977.

59. In paragraph 13, the Board of Auditors notes that the UNDP Administration has either provided satisfactory explanations or taken appropriate action on the matters raised in their 1976 report 20/ except as referred to in their 1977 report. Assurances can be given that UNDP will endeavour to continue to comply faithfully with this requirement as established by the General Assembly.

60. In conclusion, the Administrator would like to thank the Board of Auditors and the staff assisting the Board for their valuable contribution to the work of UNDP and to express his appreciation for their co-operation and assistance in conducting the review of UNDP financial matters.

19/ Ibid., chap. I.

20/ Ibid., chap. IV.

II. AUDIT OPINION

We have examined the following appended financial statements, numbered I to XII, properly identified, and relevant schedules numbered 1 to 18 of the United Nations Development Programme for the year ended 31 December 1977. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements properly reflect the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 31 December 1977, subject to the observations contained in paragraphs 6 and 8 of our audit report.

(Signed) Ahenkora OSEI
Auditor General of Ghana

(Signed) J. J. MACDONELL
Auditor General of Canada

(Signed) A. MARTINEZ ZULETA
Controller General of Colombia

III. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1977

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of income and expenditure for the years
ended 31 December 1977 and 1976
(in United States dollars)

<u>1976</u>			<u>1977</u>
	INCOME		
	Contributions from Governments		
468 627 270	Voluntary pledges	(Schedule 1)	521 605 856
18 087 377	Assessed programme costs	(Schedule 2)	3 764 701
7 988 780	Voluntary pledges for the Special Measures Fund		
47 765 980	for the Least Developed Countries	(Schedule 1)	4 665 705
7 895 966	Cost-sharing contributions	(Schedule 3)	47 438 204
	Cash counterpart contributions for projects	(Schedule 4)	8 183 079
550 365 373			585 057 545
<u>1 107 241</u>	Less: Exchange adjustments on collection of contributions	(Note 1)	<u>576 346</u>
549 258 132			584 481 199
1 948	Donations		456
4 371 831	Miscellaneous income	(Schedule 5)	25 784 587
4 373 779			25 785 043
<u>553 631 911</u>	TOTAL INCOME		<u>610 266 242</u>
	EXPENDITURE		
	Programme expenditure		
340 645 933	From indicative planning figure for projects	(Schedule 6)	285 793 435
8 520 300	From the Programme Reserve	(Schedule 6)	5 188 061
3 286 208	From the Special Industrial Services	(Schedule 6)	3 452 639
12 561 229	From the Special Measures Fund for the Least	(Schedule 6)	9 481 605
28 940 693	Developed Countries	(Schedule 6)	28 165 512
6 487 160	From Government cost-sharing contributions	(Schedule 6)	5 865 779
400 441 523	From Government cash counterpart contributions	(Schedule 6)	337 947 031
55 320 353	Reimbursement of overhead costs to participating	(Schedule 6)	45 271 672
-	and executing agencies	(Note 4)	1 260 658
455 761 876	Expert hiatus financing and extended sick leave costs		384 479 361
4 487 307	Expert variance account (including fellowship variance)	(Note 4)	-
232 194	Adjustments to prior year's programme expenditure		812 068
460 481 377	and overhead costs		385 291 429
57 160 059	UNDP administrative and programme support costs	(Schedule 7)	58 992 631
517 641 436	TOTAL EXPENDITURE		444 284 060
35 990 475	EXCESS OF INCOME OVER EXPENDITURE		<u>165 982 182</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

STATEMENT II

UNITED NATIONS DEVELOPMENT PROGRAMME

Balance sheet as at 31 December 1977 and 1976
(in United States dollars)

<u>1976</u>		<u>1977</u>
ASSETS		
Cash		
9 590 844	Convertible currencies	5 286 150
10 320 182	Usable non-convertible currencies	2 512 239
35 634 699	Accumulated non-convertible currencies	40 071 652
<u>13 252 201</u>	Imprest cash at field offices	<u>11 952 879</u>
68 797 926		59 824 920
59 541 150	Investments	(Schedule 10) 251 328 148
3 554 042	Housing loans	(Schedule 12) 3 352 163
<u>10 221 465</u>	Non-interest-bearing note	<u>7 377 047</u>
142 114 583		321 882 278
Advances and accounts receivable		
35 445 393	Operating funds provided by UNDP to participating and executing agencies	(Note 7) 23 910 758
2 105 624	Due from trust funds administered by UNDP	(Note 11) 2 270 601
9 544 079	Other accounts receivable	10 871 832
3 347 407	Deferred charges	3 877 757
<u>371 093</u>	Accrued interest	<u>1 626 083</u>
50 813 596		42 557 031
36 874 814	Contributions pledged by Governments for current and prior years	(Note 8) 34 073 723
229 802 993		<u>398 513 032</u>
LIABILITIES AND RESERVES		
Liabilities		
31 268 927	Accounts payable	(Note 9) 29 681 067
35 741 145	Unliquidated obligations of participating and executing agencies	(Note 7) 54 412 340
891 563	Due to United Nations	1 237 171
(385 403)	Due to (due from) the United Nations Fund for Population Activities	1 719 795
570 797	Due to trust funds administered by UNDP	(Note 11) 1 335 699
<u>1 400 536</u>	Junior Professional Officers' Programme	(Schedule 13) <u>1 630 441</u>
69 487 565		90 016 513
36 874 814	Contributions pledged by Governments	34 073 723
Reserves		
19 872 969	Unexpended contributions	
16 983 988	For Special Measures Fund	(Schedule 14) 17 320 570
2 425 074	For Government cost-sharing contributions	(Schedule 15) 32 817 236
	For Government cash counterpart contributions	(Schedule 16) <u>4 679 563</u>
39 282 031		54 817 369
150 000 000	Due to Operational Reserve	(Statement III) 135 000 000
<u>(65 841 417)</u>	Revenue reserve	(Note 13) <u>84 605 427</u>
84 158 583		219 605 427
229 802 993		<u>398 513 032</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement III

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of the Operational Reserve
as at 31 December 1977 and 1976

(in United States dollars)

1976

1977

ASSETS

-	Short-term investments	(Schedule 11)	15 000 000
-			15 000 000
	Representing		
150 000 000	Authorized level of the Operational Reserve		150 000 000
150 000 000	Less: due from United Nations Development Programme	(Statement II)	135 000 000
-			15 000 000
-			15 000 000

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

STATEMENT IV

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of changes in financial position for
the years ended 31 December 1977 and 1976
(in United States dollars)

<u>1976</u>		<u>1977</u>
	SOURCE OF FUNDS	
553 631 911	Total income for the year	(Statement I) 610 266 242
2 192 550	Decrease in accounts receivable	-
-	Decrease in operating funds provided to agencies	11 534 635
2 263 362	Decrease in housing loans and non-interest-bearing note	3 046 297
<u>25 854 814</u>	Increase in liabilities	<u>20 528 948</u>
583 942 637	<u>Total funds provided</u>	<u>645 376 122</u>
	APPLICATION OF FUNDS	
517 641 436	Total expenditure for the year	(Statement I) 444 284 060
-	Increase in accounts receivable	3 278 070
5 514 294	Increase in operating funds provided to agencies	-
-	Investment of Operational Reserve funds	<u>15 000 000</u>
<u>523 155 730</u>	<u>Total funds used</u>	<u>462 562 130</u>
60 786 907	INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>182 813 992</u>
67 552 169	Cash and investments at beginning of year	128 339 076
	Increase (decrease) in cash and investments:	
47 063 799	in convertible currencies	193 746 710
4 502 776	in usable non-convertible currencies	(15 283 307)
<u>9 220 332</u>	in accumulated non-convertible currencies	<u>4 350 589</u>
60 786 907		<u>182 813 992</u>
<u>128 339 076</u>	Cash and investments at end of year	<u>311 153 068</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement V

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of movement in subsidiary programme funds and revenue reserve
for the year ended 31 December 1977
(in United States dollars)

	Special Measures Fund for the Least Developed Countries	Government cost-sharing contributions	Government cash counterpart contributions	Revenue reserve	Total
Balance at 1 January (Statement II)	19 872 969	16 983 988	2 425 074	(65 841 417)	(26 559 386)
Excess of income over expenditure	(5 415 900)	15 833 248	2 254 489	153 310 345	165 982 182 ^{a/}
Transfer from Programme Reserve to Special Measures Fund (Note 3)	3 000 000	-	-	(3 000 000)	-
Adjustments in respect of expenditures 1972-76 (Note 5)	(136 499)	-	-	136 499	-
Total movement during year	(2 552 399)	15 833 248	2 254 489	150 446 844	165 982 182
Balance at 31 December (Statement II)	17 320 570	32 817 236	4 679 563	84 605 427	139 422 796
	(Schedule 14)	(Schedule 15)	(Schedule 16)		

^{a/} As shown in Statement I.

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement VI

UNITED NATIONS DEVELOPMENT PROGRAMME

United Nations Development Programme as an
executing agency for its projectsStatus of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
	OPERATING FUND	
(2 311 064)	Balance at beginning of year	(2 469 403)
22 505 929	Add: Cash drawings, interoffice vouchers and other charges (net)	25 950 300
<u>-</u>	Miscellaneous items refunded to UNDP (net)	<u>(75 226)</u>
20 194 865		23 405 671
22 664 268	Deduct: Expenditure during 1977	-
	For projects executed by the Office for Projects Execution	25 750 149
	For projects executed by the United Nations Volunteers programme	<u>10 404</u>
	For administrative costs of the Office for Projects Execution (Schedule 8)	1 626 353
	For costs of support services for UNDP-executed projects (Schedule 9)	<u>488 549</u>
<u>22 664 268</u>		<u>2 114 902 a/</u>
		27 875 458
(2 469 403)	Balance at end of year	<u>(4 469 784)</u>
	Represented by:	
28 006	Project imprest cash	26 752
<u>240 077</u>	Accounts receivable	<u>148 548</u>
268 083		175 300
	Deduct:	
2 692 539	Accounts payable	2 422 031
<u>-</u>	1977 unliquidated obligations	2 223 053
44 947	Variance on expert and fellowships costs	<u>-</u>
2 737 486		4 645 084
(2 469 403)		<u>(4 469 784)</u>

a/ As shown in Schedule 6.

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement VII

TRUST FUND FOR ASSISTANCE TO COLONIAL COUNTRIES AND PEOPLES

Status of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>Income and expenditure for the year</u>		
128 205	Voluntary contributions from Governments (Schedule 17)	1 571 146
93 824	Interest income	61 788
806	Miscellaneous income	<u>16 464</u>
<u>222 835</u>		1 649 398
(1 026 322)	Less: Expenditure	
	Project costs	(1 011 531)
	Reimbursement of overhead costs to executing agencies	<u>(104 669)</u>
<u>(1 026 322)</u>		(1 116 200)
	Excess of income over expenditure (excess of expenditure over income)	<u>533 198</u>
<u>(803 487)</u>		
<u>Assets</u>		
13 644	Cash	30 186
1 003 090	Investments (Schedule 18)	1 170 857
7 165	Accrued interest	1 089
301 456	Operating fund provided to executing agencies	404 647
-	Due from UNDP	387 883
<u>47 417</u>	Accounts receivable	<u>-</u>
<u>1 372 772</u>		<u>1 994 662</u>
<u>Liabilities and reserve</u>		
-	Unliquidated obligations of executing agencies	261 980
<u>173 288</u>	Due to UNDP	<u>-</u>
<u>173 288</u>		<u>261 980</u>
<u>Reserve</u>		
2 002 971	Balance 1 January	1 199 484
-	Add: Excess of income over expenditure	533 198
<u>(803 487)</u>	Less: Excess of expenditure over income	<u>-</u>
<u>1 199 484</u>	Balance 31 December	<u>1 732 682</u>
<u>1 372 772</u>		<u>1 994 662</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
 Director
 Division of Finance

Statement VIII

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Status of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
	<u>Income and expenditure for the year</u>	
13 497 441	Voluntary contributions from Governments (Schedule 17)	16 691 326
-	Add: Exchange adjustments on collection of contributions	32
13 497 441		16 691 358
1 354 709	Interest income	1 979 868
293 525	Miscellaneous income	217 605
15 145 675		18 888 831
	Less: Expenditure	
(5 852 134)	Project costs	(8 322 516)
-	Reimbursement of overhead costs to executing agencies	(183 724)
(5 852 134)		(8 506 240)
9 293 541	Excess of income over expenditure	10 382 591
	<u>Assets</u>	
2 197 250	Cash	2 130 623
25 891 372	Investments (Schedule 18)	38 842 053
83 789	Accrued interest	508 985
153 954	Operating fund provided to executing agencies	-
1 534 326	Accounts receivable	677 584
29 860 691		42 159 245
	<u>Liabilities and reserve</u>	
845 466	Due to UNDP	1 475 199
-	Operating fund payable to executing agencies	619 837
-	Unliquidated obligations of executing agencies	413 426
-	Accounts payable	252 967
845 466		2 761 429
	Reserve	
19 721 684	Balance 1 January	29 015 225
9 293 541	Add: Excess of income over expenditure	10 382 591
29 015 225	Balance 31 December	39 397 816
29 860 691		42 159 245

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
 Director
 Division of Finance

Statement IX

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Status of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>Income and expenditure for the year</u>		
5 779 937	Voluntary contributions from Governments (Schedule 17)	3 903 226
383 575	Interest income	648 167
<u>(37 853)</u>	Miscellaneous income (expense)	<u>(39 764)</u>
6 125 659		4 511 629
<hr/>		
(514 150)	Less: Expenditure	
-	Project costs	(1 411 827)
(238 482)	Reimbursement of overhead costs to executing agencies	(3 223)
<u>(752 632)</u>	Administrative costs	<u>(466 858)</u>
		(1 881 908)
<hr/>		
5 373 027	Excess of income over expenditure	2 629 721
<hr/> <hr/>		
<u>Assets</u>		
247 570	Cash	45 257
10 773 611	Investments (Schedule 18)	13 095 819
118 870	Accrued interest	158 779
-	Accounts receivable	156 481
-	Due from UNDP	<u>72 699</u>
11 140 051		13 529 035
<hr/> <hr/>		
<u>Liabilities and reserve</u>		
78 297	Operating fund payable to executing agencies	1 499
-	Unliquidated obligations of executing agencies	2 127
-	Accounts payable	155 827
<u>321 893</u>	Due to UNDP	<u>-</u>
400 190		159 453
<hr/>		
Reserve		
5 366 834	Balance 1 January	10 739 861
<u>5 373 027</u>	Add: Excess of income over expenditure	<u>2 629 721</u>
0 739 861	Balance 31 December	13 369 582
<hr/>		
1 140 051		13 529 035
<hr/> <hr/>		

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement X

UNITED NATIONS TRUST FUND FOR SUDANO-SAHELIAN ACTIVITIES

Status of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>Income and expenditure for the year</u>		
3 845 000	Voluntary contributions from Governments	(Schedule 17) 9 262 788
-	Less: Exchange adjustments on collection of contributions	<u>(40 152)</u>
3 845 000		9 222 636
1 086 763	Interest income	1 592 273
1 750	Donations	375
<u>119 146</u>	Miscellaneous income (expense)	<u>(19)</u>
<u>5 052 659</u>		<u>10 815 265</u>
	Less: Expenditure	
(442 972)	Project costs	(10 091 021)
-	Reimbursement of overhead costs to executing agencies	(422 798)
<u>(388 345)</u>	Administrative costs	<u>(519 878)</u>
<u>(831 317)</u>		<u>(11 033 697)</u>
<u>4 221 342</u>	(Excess of expenditure over income) excess of income over expenditure	<u>(218 432)</u>
<u>Assets</u>		
6 415	Cash	(172 458)
21 770 703	Investments	(Schedule 18) 31 701 464
352 333	Accrued interest	521 828
139 249	Operating fund provided to executing agencies	117 661
-	Due from UNDP	860 117
<u>4 446</u>	Accounts receivable	<u>6 531</u>
<u>22 273 146</u>		<u>33 035 143</u>
<u>Liabilities and reserve</u>		
-	Unliquidated obligations of executing agencies	5 514 657
-	Accounts payable	5 468 750
<u>2 978</u>	Due to UNDP	<u>-</u>
<u>2 978</u>		<u>10 983 407</u>
	Reserve	
18 048 826	Balance 1 January	22 270 168
-	Less: Excess of expenditure over income	(218 432)
<u>4 221 342</u>	Add: Excess of income over expenditure	<u>-</u>
<u>22 270 168</u>	Balance 31 December	<u>22 051 736</u>
<u>22 273 146</u>		<u>33 035 143</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement XI

UNITED NATIONS VOLUNTEERS PROGRAMME

Status of funds as at 31 December 1977 and 1976
(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>Income and expenditure for the year</u>		
546 876	Voluntary contributions from Governments (Schedule 17)	824 276
300 000	Transfer from UNDP Programme Reserve	1 000 000
6 793	Interest income	42 815
<u>(980)</u>	Miscellaneous income (expense)	<u>(3 485)</u>
852 689		1 863 606
<u>(840 898)</u>	Less: Expenditure - project costs	<u>(1 965 788)</u>
11 791	(Excess of expenditure over income) excess of income over expenditure	<u>(102 182)</u>
<u>Assets</u>		
523 534	Cash	15 492
154 261	Investments (Schedule 18)	1 261 251
6 879	Deferred charges	43 299
<u>3 578</u>	Accrued interest	<u>4 929</u>
688 252		<u>1 324 971</u>
<u>Liabilities and reserve</u>		
81 214	Due to UNDP	713 224
<u>40 831</u>	Accounts payable	<u>147 722</u>
122 045		<u>860 946</u>
<u>Reserve</u>		
554 416	Balance 1 January	566 207
-	Less: Excess of expenditure over income	(102 182)
<u>11 791</u>	Add: Excess of income over expenditure	<u>-</u>
566 207	Balance 31 December	<u>464 025</u>
688 252		<u>1 324 971</u>

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) George F. SADDLER
Director
Division of Finance

Statement XII

UNITED NATIONS DEVELOPMENT PROGRAMME

Other trust funds administered by UNDP - Status of funds as at 31 December 1977
(in United States dollars)

	Fund of the United Nations for the Development of West Iran	Trust Fund Programme for the Republic of China	United Nations Korean Reconstruction Agency Residual assets	UNRWA Residual Funds - Bangladesh	United Nations Trust Fund for Operational Programme in Swaziland (OP2)(Personnel)	United Nations Trust Fund for Operational Programme in Senegal	United Nations Special Fund for Land-locked Developing Countries
Income and expenditure for year							
Voluntary contributions from Governments (Schedule 17)	50 168	9 912	1 098	38 131	7 495	10 754	15 000
Interest income	4 801	(167)	-	-	(6)	293	-
Miscellaneous income (expense)	55 269	9 745	1 098	38 131	7 489	11 047	15 000
Less: Expenditure							
Project costs	(329 506)	(184 622)	(6 642)	(101 551)	(321 398)	(357 868)	-
Reimbursement of overhead costs to executing agencies	(23 280)	(29 805)	(692)	-	(43 024)	(41 001)	-
	(352 786)	(214 427)	(7 337)	(101 551)	(364 422)	(398 869)	-
Excess of income over expenditure (Excess of expenditure over income)	(297 517)	(204 682)	(6 239)	(63 420)	(396 933)	(387 822)	15 000
Assets							
Cash	159 076	5 899	2 409	32 068	7 419	21 095	-
Investments	592 159	128 014	16 984	620 760	51 532	169 977	-
Accrued interest	4 603	-	72	1 205	-	-	-
Operating fund provided to executing agencies	118 446	-	5 506	-	-	-	-
Due from UNDP	-	-	24 971	654 123	58 951	191 072	15 000
	874 484	133 913	24 971	654 123	58 951	191 072	15 000
Liabilities and reserve							
Operating fund payable to executing agencies	11 875	109 522	-	-	163 243	139 784	-
Unliquidated obligations of executing agencies	82 178	34 905	1 682	-	17 011	72 528	-
Due to UNDP	-	-	-	-	-	-	-
Accounts payable	38 159	-	-	-	-	-	-
	132 212	144 427	1 682	-	180 254	212 312	-
Reserve							
Balance 1 January	1 039 789	194 168	29 528	717 543	235 630	366 582	15 000
Add: Excess of income over expenditure	(297 517)	(204 682)	(6 239)	(63 420)	(396 933)	(387 822)	-
Less: Excess of expenditure over income	742 272	(10 514)	23 289	654 123	(121 303)	(21 240)	15 000
Balance 31 December	874 484	133 913	24 971	654 123	58 951	191 072	15 000
Unspent (overspent) allocations	202 439	(99 532)	8 588	593 340	409 334	(21 094)	-

* United Nations Special Relief Office in Bangladesh.

The accompanying notes are an integral part of the financial statements.

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(SIGNED) George F. SADDLER
Director
Division of Finance

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting policies

The financial statements reflect the application of the accounting policies described in this note.

(a) Income

Interest income and Government contributions towards the costs of UNDP field offices are accrued as income in the year to which they relate. All other income is accounted for on a cash basis.

Contributions pledged to UNDP for 1977 and prior years are shown in the balance sheet (statement II). All other amounts pledged by Governments which have not been paid by 31 December 1977 are no longer reflected in the respective balance sheets, but full details of these amounts are shown in schedules 1 to 4 and, for trust funds administered by UNDP, in schedule 17.

Shown as an asset in the balance sheet is an irrevocable non-interest-bearing note. The two amounts comprising the original balance were recorded as income in 1969 and 1970 when UNDP had not yet adopted the cash basis for recording income from voluntary pledges by Governments. Payments have been received on this note during 1977 and the balance is expected to be paid in full by 1980.

From 1977, Government contributions towards local programme costs are no longer made on an assessed basis. Amounts shown as "Assessed programme costs" in the 1977 financial statements represent collections or adjustments in respect of amounts assessed in 1976 or prior years.

In 1976 and prior years, amounts contributed by Governments towards the costs of UNDP field offices were recorded as income when received and the statement of income and expenditure reflected the total amount received as a separate income item and an equivalent amount as expenditure. As stated above, these contributions are now accounted for on an accrual basis, and have been shown in the 1977 financial statements as a reduction to the gross costs of the administrative and programme support budget (schedule 7).

(b) Expenditure

All expenditure of UNDP is accounted for on an accrual basis. In respect of project expenditure incurred by the participating and executing agencies, there has been a change between 1976 and 1977 in the basis on which agencies were requested to include unliquidated obligations in project expenditure. In 1976, they were requested to include obligations raised in respect of only those goods and services which had been delivered by the end of that year. Not all agencies were able to adopt this policy on a consistent basis. In 1977, they were requested to include obligations raised in respect of goods and services provided for in the project budget for 1977 and contracted for by the end of that year. On the basis of information received from the agencies, the effect of this change in accounting principle has been to increase project expenditure in 1977 by approximately \$13 million.

(c) Exchange rates

UNDP financial rule 114.7 provides that voluntary contributions received from Governments shall be translated into United States dollars using the United Nations operational rate of exchange in effect on the date of payment. UNDP financial rule 114.8 provides that where a Government makes available a special rate of exchange to be applied under specific conditions, UNDP, with the agreement of the United Nations, may authorize the use of such rate simultaneously with the operational rate of exchange.

In accordance with UNDP financial rule 110.1, exchange adjustments of \$576,346 arising from the payment of voluntary contributions from Governments have been recorded as an offset to these contributions, and are shown on statement I accordingly. All other exchange adjustments have been recorded as miscellaneous income (expense).

(d) Capital expenditures

The full cost of non-expendable equipment used for administrative purposes is charged to UNDP administrative programme and support costs in the year in which it is purchased. An inventory is maintained of all non-expendable equipment (defined as items of equipment valued at \$250 or more a unit, and with a serviceable life of at least five years, and items of equipment included in any special lists, for which formal inventory records are required).

Note 2. Expenditure for Special Industrial Services

At its twenty-second session the Governing Council approved a separate allocation for Special Industrial Services of \$17.5 million for 1977-1981. In previous years expenditure for Special Industrial Services had been charged to the Programme Reserve. The comparable figures for 1976 have been reclassified in these financial statements accordingly.

Note 3. Transfer from the Programme Reserve to the Special Measures Fund for the Least Developed Countries

In accordance with the Governing Council's decision that \$3 million should be transferred from the Programme Reserve to the Special Measures Fund for the Least Developed Countries as soon as possible in the period 1977-1981, this transfer was made in 1977 and is reflected in statement V.

Note 4. Expert and fellowship costs

The Governing Council decided at its twenty-second session that the standard cost systems previously in force for recording expert and fellowship costs should be discontinued with effect from 1 January 1977. In accordance with the Governing Council's decisions on this issue, in 1977 fellowship costs have been recorded on the basis of actual costs and expert costs on the basis of a combination of actual and average actual costs. Any residual variance arising in 1977 between standard costs chargeable to projects and actual costs incurred in respect of expert services or fellowships for the period ending 31 December 1976 has been included under miscellaneous income (expense) in these financial statements (schedule 5).

Costs incurred by agencies in 1977 for hiatus financing (financing of experts between project assignments) and extended sick leave of experts, which are not chargeable to project budgets and which formed part of the variance account in 1976 and prior years, have been shown as a separate expenditure item in the statement of income and expenditure (statement I).

Note 5. Adjustments of programme expenditure 1972-1976

As a result of a comprehensive reconciliation made in 1977 between project expenditures during the first IPF cycle period 1972-1976 as reported by agencies in their financial statements and those reported by them in individual project budgets, it was found that some adjustments were necessary to the expenditures as reported in the UNDP financial statements. The total adjustments necessary were to increase expenditure under the Programme Reserve and under the Special Measures Fund for the Least Developed Countries by \$684,562 and \$136,499 respectively, and to decrease expenditures against IPFs by the corresponding amount of \$821,061. The net effect of these adjustments on the Special Measures Fund for the Least Developed Countries and on the revenue reserve is shown in statement V.

Note 6. Operational Reserve

In accordance with the Governing Council's decision at its twenty-second session, liquid assets of \$15 million were transferred to the Operational Reserve in 1977 and invested on its account as a first step towards the full funding of the Operational Reserve by the end of 1980. The status of the Operational Reserve as at 31 December 1977 is shown in statement III and details of the investments made on its behalf are given in schedule 11.

Note 7. Operating fund balances

At 31 December 1977 and 1976 operating fund balances consisted of \$28,114,167 and \$42,809,846 provided to participating and executing agencies offset by \$4,203,409 and \$7,364,453 payable to participating and executing agencies, resulting in a net balance of \$23,910,758 and \$35,445,393, respectively, which is shown in statement II. These figures are consistent with the operating fund balances as reported by participating and executing agencies after taking into account the unliquidated obligations at 31 December 1977 and 1976 of \$54,412,340 and \$35,741,145, respectively, which are shown separately in statement II.

Note 8. Contributions pledged by Governments

Contributions pledged by Governments for current and prior years which had not been paid by 31 December were as follows:

<u>As at</u> <u>31 December 1976</u> (US dollars)		<u>As at</u> <u>31 December 1977</u> (US dollars)
10,865,955	Voluntary contributions (schedule 1, part 1)	8,843,266
-	Special contributions for the least developed countries (schedule 1, part 2)	166,667
12,196,377	Assessed programme costs (schedule 2)	8,512,617
5,862,168	Cost-sharing contributions (schedule 3)	11,110,764
7,950,314	Cash counterpart contributions (schedule 4)	5,440,409
<u>36,874,814</u>	Total (Statement II)	<u>34,073,723</u>

Contributions pledged by Governments at 31 December 1977 and 1976 for future years amounted to \$545,105,726 and \$483,081,550, respectively.

Note 9. Accounts payable

Accounts payable in the amount of \$29,681,067 shown in statement II include amounts totalling \$7,131,112 which are primarily due to outstanding cheques which had been drawn against United States dollar bank accounts operated on the "zero-balance" system and which had not been presented by 31 December 1977.

Note 10. Unspent allocations and future commitments

Based on information provided by the participating and executing agencies, unspent allocations issued at 31 December 1977 amounted to \$651,110,786, against which future commitments entered into by the agencies were approximately \$89 million.

Note 11. Amounts due from/to trust funds administered by UNDP

UNDP advances funds to, and receives funds for, the trust funds which it administers. The balance of these transactions as at 31 December 1977 and 1976 is shown in the financial statements relating to each trust fund (statements VII to XII) and can be summarized as follows:

<u>1976</u> (US dollars)		<u>1977</u> (US dollars)
	<u>Due from trust funds administered by UNDP</u>	
173,288	Trust Fund for Assistance to Colonial Countries and Peoples	-
845,466	United Nations Capital Development Fund	1,475,199
321,893	United Nations Revolving Fund for Natural Resources Exploration	-
2,978	United Nations Trust Fund for Sudano-Sahelian Activities	-
81,214	United Nations Volunteers programme	713,224
680,785	Fund of the United Nations for the Development of West Irian	82,178
<u>2,105,624</u>	Total (Statement II)	<u>2,270,601</u>
	<u>Due to trust funds administered by UNDP</u>	
-	Trust Fund for Assistance to Colonial Countries and Peoples	387,883
-	United Nations Revolving Fund for Natural Resources Exploration	72,699
-	United Nations Trust Fund for Sudano-Sahelian Activities	860,117
339,984	United Nations Trust Fund for Operational Programme in Lesotho	-
230,813	United Nations Trust Fund for Operational (OPEX) Personnel to Swaziland	-
-	United Nations Special Fund for Land-locked Developed Countries	15,000
<u>570,797</u>	Total (Statement II)	<u>1,335,699</u>

Note 12. Unspent allocations for trust funds

Unspent allocations issued at 31 December 1977 in respect of the trust funds administered by UNDP were as follows:

	<u>US dollars</u>
Trust Fund for Assistance to Colonial Countries and Peoples	1,845,150
United Nations Capital Development Fund	32,410,906
United Nations Revolving Fund for Natural Resources Exploration	6,660,748
United Nations Trust Fund for Sudano-Sahelian Activities	7,760,595
United Nations Volunteers programme	-

Unspent allocations for the other trust funds administered by UNDP are shown at the bottom of statement XII.

Note 13. Revenue reserve

The amounts shown in statement II for the revenue reserve are arrived at after deducting the cumulative deficit of \$52,000,131 which was incurred in the expert and fellowship variance account during the 1972-1976 programming cycle. At its twenty-second session, the Governing Council decided to offset this deficit against resources in excess of the agreed planning level for 1977-1981.

Schedule 1 (part 1)

UNITED NATIONS DEVELOPMENT PROGRAMME

Status of voluntary contributions pledged as at 31 December 1977
(in United States dollars)

Government	Balance 31/12/76	Additions and adjustments	Pledge for 1978		Total	Collected in 1977	Balance 31/12/1977	Composition of balance	
			Local currency	US dollar equivalent				For 1977 and prior years	For 1978 and future years
Afghanistan (equivalent of US\$)	-	153,501	-	-	153,501	153,501	-	-	-
Albania (New Leks)	7 317	-	30 000	7 317	14 634	-	14 634	7 317	-
Algeria (US\$)	500 000	320 000	-	550 000	1 370 000	880 000	550 000	550 000	-
Argentina (US\$)	2 035 755	(45 000)	-	1 300 000	3 290 755	1 990 755	1 300 000	1 300 000	-
Australia (US\$)	4 375 000	222 851	6 820 000	7 662 921	12 260 772	4 597 851	7 662 921	7 662 921	-
Austria (US\$)	3 680 000	-	-	4 232 000	7 912 000	3 680 000	4 232 000	4 232 000	-
Bahamas (US\$)	-	10 000	-	10 000	10 000	-	-	-	-
Bahrain (US\$)	13 000	41 820	-	69 640	69 640	54 820	14 820	14 820	-
Bangladesh (US\$)	86 591	-	-	97 700	184 291	83 835	100 456	97 700	-
Barbados (US\$)	19 838	-	-	19 838	39 676	130	39 546	19 838	-
Belgium (FB)	12 324 324	521 707	4 777 000 000	13 628 571	26 474 602	12 846 032	13 628 570	13 628 570	-
Benin (US\$)	2 000	-	-	2 000	2 000	-	2 000	2 000	-
Bhutan (US\$)	2 600	-	-	2 600	5 200	2 600	2 600	2 600	-
Bolivia (US\$)	49 500	248 000	-	15 000	312 500	297 500	15 000	15 000	-
Botswana (Pula)	9 227	435	10 000	12 077	21 739	9 662	12 077	12 077	-
Brazil (US\$)	1 530 000	-	-	1 550 000	3 080 000	1 530 000	1 550 000	1 550 000	-
Bulgaria (Leve)	442 387	454 260	475 000	477 141	919 528	479 204	440 324	440 324	-
Burma (US\$)	110 000	14 476	-	610 354	1 174 634	554 968	619 646	610 354	-
Burundi (equivalent of US\$)	-	-	-	16 503	30 979	8 554	22 425	9 292	-
Byelorussian Soviet Socialist Republic (Roubles)	179 045	7 996	135 000	188 547	375 588	186 981	188 547	188 547	-
Canada (Can. \$)	33 333 333	(952 381)	39 000 000	35 454 545	67 835 497	32 380 952	35 454 545	35 454 545	-
Cape Verde (US\$)	-	-	-	5 000	5 000	-	5 000	5 000	-
Central African Empire (CFA Francs)	1 800	60	1 000 000	-	1 860	-	1 860	1 860	-
Chad (CFA Francs)	-	-	-	4 132	4 132	-	4 132	4 132	-
Cuba (US\$)	1 450 000	-	-	700 000	2 150 000	1 450 000	700 000	700 000	-
Colombia (US\$)	1 000 000	-	-	1 052 894	2 052 894	600 125	1 452 769	1 052 894	-
Congo (CFA Francs)	20 000	661	-	20 661	20 661	-	20 661	20 661	-
Costa Rica (US\$)	484 422	80 000	-	110 000	220 000	132 220	87 780	87 780	-
Cuba (Pesos)	4 796	80 047	425 358	516 359	1 000 761	548 247	452 534	452 534	-
Cyprus (equivalent of US\$)	610 820	39 791	7 000 000	662 776	1 313 387	86 301	95 742	95 742	-
Czechoslovakia (Korunas)	43 244	-	-	43 244	43 244	650 611	662 776	662 776	-
Democratic Kampuchea (Riels)	-	3 042	-	4 000	7 042	3 042	4 000	4 000	-
Democratic Yemen (US\$)	46 678 024	(1 383 827)	236 000 000	38 688 525	83 982 722	45 294 197	38 688 525	38 688 525	-
Denmark (Kroner)	25 000	125 000	-	35 000	185 000	124 165	60 835	60 835	-
Dominican Republic (US\$)	287 547	240 000	-	440 000	967 547	527 547	440 000	440 000	-
Ecuador (US\$)	562 228	254 055	417 215	596 022	1 412 305	816 284	596 022	596 022	-
EI Salvador (equivalent of US\$)	21 250	176 500	-	271 940	197 750	197 750	-	-	-
Ethiopia (Birr)	126 060	-	-	132 563	258 423	126 060	132 563	132 563	-
Fiji (US\$)	91 000	-	-	11 000	102 000	91 000	11 000	11 000	-
Finland (Markka)	5 934 416	(203 034)	24 500 000	5 932 203	11 313 585	5 381 362	5 932 204	5 932 203	-
France (Francs)	-	9 751 134	69 000 000	14 226 804	23 977 598	9 751 134	14 226 804	14 226 804	-
Gabon (equivalent of US\$)	-	206 521	-	7 274	206 521	206 521	-	-	-
Gambia (Dalasis)	5 750	6 868	16 002	-	19 892	6 868	13 024	5 750	-

Schedule I (part I) (continued)

Governor or Government	Balance 31/12/76	Additions and adjustments	Plafge for 1978		Total	Collected in 1977	Balance 31/12/1977	Composition of balance	
			Local currency	US dollar equivalent				For 1977 and prior years	For 1978 and future years
German Democratic Republic (Marks)	833 333	-	2 000 000	888 889	1 722 222	833 333	888 889	888 889	-
Ghana (Cedis)	1 439 962	39 206 314	104 000 000	46 846 847	86 023 161	39 206 314	46 846 847	46 846 847	-
Greece (Drac)	466 000	120 000	-	620 000	1 439 962	1 439 962	1 093 194	-	1 093 194
Guatemala (quetzales)	37 000	132 000	37 000	37 000	226 000	169 000	622 787	2 787	620 000
Guyana (Dollars)	140 439	-	358 120	140 439	280 878	140 439	140 439	140 439	-
Haiti (Gdes)	2 000	-	-	5 000	5 000	5 000	-	-	-
Holy See (Liras)	19 864	80 000	-	2 000	4 000	2 000	2 000	2 000	-
Honduras (Lempiras)	408 065	56 000	8 500 000	408 065	872 150	438 638	433 492	25 427	408 065
Hong Kong (US\$)	84 211	-	17 600 000	83 810	168 021	84 211	83 810	-	83 810
Hungary (Forints)	259 000	71 839	55 000 000	6 470 588	12 792 427	6 321 839	6 470 588	-	6 470 588
Iceland (Kronur)	529 000	1 112 000	-	603 060	2 244 060	1 641 000	603 060	-	603 060
India (Rupees)	4 000 000	320 000	-	4 320 000	8 640 000	4 335 773	4 304 227	4 304 227	-
Iran (US\$)	508 475	598 400	-	-	505 667	598 400	-	-	-
Iraq (Dinars)	242 000	-	-	-	484 000	82 000	422 000	180 000	242 000
Israel (US\$)	9 594 928	(141 881)	4 500 000 000	5 113 636	14 566 683	5 362 138	9 204 545	4 090 909	5 113 636
Ivory Coast (CFA Francs)	107 629	243 558	22 560 000	94 876	446 063	240 000	206 063	111 187	94 876
Jamaica (Dollars)	133 113	83 668	121 000	94 531	311 312	216 700	94 531	-	94 531
Japan (US\$)	-	22 000 000	-	-	22 000 000	22 000 000	-	-	-
Jordan (US\$)	93 575	256 425	-	150 000	500 000	350 000	150 000	432 040	150 000
Kenya (Shillings)	167 613	441 547	750 000	502 593	701 753	177 119	524 634	-	524 634
Kuwait (US\$)	500 000	-	-	500 000	1 000 000	500 000	500 000	-	500 000
Lesotho (Bats)	180 593	19 665	-	17 250	36 915	19 665	17 250	-	17 250
Libya (US\$)	-	(21 765)	-	591 313	590 141	590 141	590 141	158 828	391 313
Madagascar (Malgas)	53 850	35 460	-	-	35 460	32 295	3 165	-	3 165
Malawi (US\$)	87 027	88 000	-	1 000 000	141 850	88 000	55 850	53 850	-
Malaysia (US\$)	56 480	-	3 440 000	99 714	186 741	87 027	99 714	-	99 714
Malawi (equivalent of US\$)	17 293	873	7 060 000	29 174	86 227	57 353	29 174	-	29 174
Malaysia (equivalent of US\$)	100 000	(100)	-	19 783	36 976	17 203	19 773	-	19 773
Maldives (US\$)	2 000	-	-	1 500	100 000	300 000	-	-	-
Malta (US\$)	44 382	148	-	40 594	3 500	44 530	3 500	2 000	1 500
Mauritania (Ouguiyas)	3 799	3 143	171 000	88 585	85 124	9 907	40 594	6 034	40 594
Mauritius (US\$)	4 450	84 000	-	88 585	177 035	90 200	86 745	-	3 233
Mexico (US\$)	1 320 000	322 425	-	1 000 000	2 642 425	1 472 649	1 169 776	169 776	66 745
Morocco (French Francs)	4 440	160 118	22 200	4 577	9 017	4 440	4 577	-	4 577
Morocco (Dinars)	22 856	-	605 000	185 583	368 557	182 974	185 583	-	185 583
Morocco (US\$)	322 222	-	1 450 000	322 222	644 444	322 222	322 222	-	322 222
Nepal (US\$)	38 500	-	-	38 500	77 000	38 500	38 500	-	38 500
Netherlands (Gulden)	47 808 765	8 938 293	138 000 000	57 500 000	114 247 058	56 747 058	57 500 000	-	57 500 000
New Zealand (NZ\$)	-	-	1 250 000	1 225 490	1 225 490	1 225 490	-	-	-

Schedule (part I) (continued)

Government	Balance 31/12/76	Additions and adjustments	Fledge for 1978		Total	Collected in 1977	Balance 31/12/1977	Composition of balance	
			Local currency	US dollar equivalent				For 1977 and prior years	For 1978 future years
Micraguoa (US\$)	77 500	80 000	-	120 000	277 500	-	277 500	157 500	120 000
Niger (CFA Francs)	10 000	81	-	-	10 081	-	-	-	-
Nigeria (Naira)	1 108 871	138 134	500 000	761 250	2 028 355	229 000	1 799 255	1 018 005	761 250
Norway (Kroner)	28 298 279	-	180 000 000	33 210 332	61 508 611	28 298 279	33 210 332	-	33 210 332
Oman (US\$)	70 000	-	-	70 000	140 000	70 000	70 000	-	70 000
Pakistan (Rupees)	897 636	295 970	14 419 000	1 466 885	2 660 491	1 223 477	1 437 014	-	1 437 014
Panama (Balboas)	203 000	124 000	207 000	327 000	654 000	207 000	447 000	120 000	327 000
Papua New Guinea (equivalent of US\$)	12 285	140 215	-	159 506	312 006	152 500	159 506	159 506	159 506
Paraguay (US\$)	46 317	-	-	15 000	61 317	16 000	45 317	30 317	15 000
Peru (US\$)	290 000	240 000	-	770 000	1 260 000	481 500	288 500	48 500	240 000
Philippines (US\$)	600 000	488 000	-	1 048 000	2 136 000	638 830	1 497 170	449 170	1 048 000
Poland (Zlotys)	1 190 508	-	25 913 360	1 300 872	2 491 380	1 193 520	1 297 860	-	1 297 860
Portugal (US\$)	30 000	-	-	114 000	144 000	30 000	114 000	-	114 000
Qatar (US\$)	200 000	-	-	200 000	400 000	200 000	200 000	-	200 000
Republic of Korea (equivalent of US\$)	360 000	240 000	-	708 000	1 308 000	598 504	709 095	1 096	708 000
Romania (Lei)	291 667	27 630	4 200 000	350 000	669 297	319 297	350 000	-	350 000
Rwanda (US\$)	10 000	-	-	-	10 000	10 000	-	-	-
Samoa (Tala)	6 250	-	-	-	6 250	-	6 250	6 250	-
Saudi Arabia (US\$)	2 500 000	160 000	-	10 000 000	12 660 000	2 660 000	10 000 000	-	10 000 000
Senegal (US\$)	374 066	-	-	160 000	534 066	214 929	319 137	159 137	160 000
Seychelles (Rupees)	-	633	-	-	633	633	-	-	-
Sierra Leone (US\$)	298 851	-	-	75 000	373 851	45 989	327 862	292 862	75 000
Singapore (US\$)	100 000	25 410	-	220 000	440 000	220 000	220 000	-	220 000
Solomon Islands (US\$)	-	-	-	-	25 410	25 410	-	-	-
Somalia (equivalent of US\$)	5 000	-	-	5 000	5 000	5 000	-	-	-
Spain (equivalent US\$)	840 000	260 000	-	840 000	1 680 000	840 000	840 000	-	840 000
Sri Lanka (equivalent of US\$)	200 724	200 000	-	560 000	1 020 724	227 804	792 920	232 920	560 000
Sudan (US\$)	-	-	-	200 000	400 000	400 000	400 000	200 000	200 000
Suriname (US\$)	60 000	-	-	60 000	120 000	60 000	60 000	-	60 000
Swaziland (Emalangeni)	7 344	-	7 000	8 074 2/	15 418	7 344	8 074	-	8 074
Sweden (Kronor)	121 428 572	(3 594 687)	-	(2 136 886)	115 697 005	57 119 599	58 577 406	-	58 577 406
Switzerland (US\$)	9 100 000	-	-	10 400 000	19 500 000	9 100 000	10 400 000	-	10 400 000
Syrian Arab Republic (Pounds)	33 846	240 000	132 000	33 846	307 692	273 846	33 846	-	33 846
Thailand (equivalent of US\$)	540 672	238 418	-	616 366	1 395 456	779 090	616 366	-	616 366
Togo (CFA Francs)	17 600	362	45 500 000	188 017	205 979	8 871	197 108	9 091	188 017
Trinidad and Tobago (TT dollars)	125 000	80 700	-	205 700	205 700	205 700	-	-	-
Tunisia (Dinars)	250 000	-	105 000	248 227	498 227	241 379	256 848	8 521	248 227
Turkey (US\$)	1 085 765	54 152	450 000	55 556	2 171 530	1 085 765	1 085 765	-	1 085 765
Uganda (Shillings)	-	-	-	-	109 708	54 152	55 556	-	55 556
Ukrainian Soviet Socialist Republic (Roubles)	447 613	19 839	337 500	471 369	938 821	467 432	471 369	-	471 369
Union of Soviet Socialist Republics (Roubles)	3 580 902	97 572	2 700 000	3 770 950	7 449 424	3 678 474	3 770 950	-	3 770 950

Schedule 1 (part I) (continued.)

Government	Balance 31/12/76	Additions and adjustments	Pledge for 1978		Total	Collected in 1977	Balance 31/12/77	Composition of balance	
			Local currency	US dollar equivalent				For 1977 and prior years	For 1978 and future years
United Arab Emirates (US\$)	500 000	25, 000	-	-	525 000	925 000	-	-	-
United Kingdom of Great Britain and Northern Ireland (Pounds)	-	34 420 728	-	-	34 420 728	34 420 728	-	-	-
United Republic of Cameroon (CFA Francs)	104 109	3 435	112 765 000	165 971	573 495	-	573 495	107 524	165 971
United Republic of Tanzania (Shillings)	84 236	12 034	800 000	98 765	195 035	96 270	98 765	-	98 765
United States of America (US\$)	96 300 000	-	-	115 000 000	211 300 000	97 500 000	113 800 000	-	113 800 000
Egypt Volta (CFA Francs)	9 100	(917)	-	-	8 183	8 183	-	-	-
Uruguay (US\$)	274 221	160 000	-	434 221	-	434 221	-	-	-
Venezuela (equivalent of US\$)	3 525 794	134 206	-	2 000 000	5 660 000	3 547 895	2 112 105	112 105	2 000 000
West Sam (US\$)	25 000	-	-	25 000	-	25 000	-	-	-
Zanzibar (US\$)	4 045	-	-	5 000	-	9 045	-	-	5 000
Zaire (equivalent of US\$)	1 776 400	220 000	-	2 162 039	4 059 239	1 776 400	2 282 839	120 000	2 162 839
Zambia (Zweches)	56 577	654 643	-	-	711 200	711 200	-	-	-
Total	468 835 004	120 816 283	-	1 044 231 467	521 695 856	512 625 611	8 883 266	502 689 169	1 093 194

(Statement I)

1/ The opening balance includes Ghana's 1978 pledge of Cedis 308,783 (equivalent of US\$46,768) as well as pledges for the years 1979 through 1981 of Cedis 1,277,173 (equivalent of US\$ 1,093,194).

2/ This amount represents an adjustment to Sweden's 1978 pledge of Kr. 280,000,000 (equivalent to US\$ 58,577,406).

Schedule 1 (part II)

Status of special contributions pledged for the least developed countries as at 31 December 1977
(in United States dollars)

Government	Balance 31/12/76	Additions and adjustments	Pledge for 1978		Total	Collected in 1977	Balance 31/12/77	Composition of balance	
			Local currency	US dollar equivalent				For 1977 and prior years	For 1978 and future years
Canada	-	2 727 273	-	-	2 727 273	2 727 273	-	-	-
Norway	1 338 432	-	-	-	3 183 450	1 338 432	1 845 018	1 845 018	-
Philippines	500 000	-	-	-	500 000	500 000	166 667	166 667	166 666
Total	1 838 432	2 727 273	1 085 018	-	6 410 723	4 065 705	2 345 018	2 011 685	166 666

(Statement I)

Schedule 2

UNITED NATIONS DEVELOPMENT PROGRAMME

Governments' obligations for assessed programme costs as at 31 December 1977
(in United States dollars)

Governments' obligations

Government or organization	Balance 31/12/76	Recorded in 1977	Waivers and adjustments for 1977 and prior years	Total	Collected in 1977	Balance 31/12/77
Albania	78 435	-	-	78 435	-	78 435
Argentina	-	-	-	-	-	-
Bahamas	709	31 520	-	32 229	31 782	447
Bahrain	-	-	-	-	-	-
Bangladesh	-	-	-	-	-	-
Barbados	-	-	-	-	-	-
Belize	-	-	-	-	-	-
Bolivia	365 700	-	-	365 700	125 700	240 000
Brazil	1 517 070	-	-	1 517 070	(75 950)	1 593 020
Bulgaria	-	-	-	-	-	-
Burma	-	-	-	-	-	-
Central African Empire	-	-	-	-	-	-
Chile	21 865	-	-	21 865	-	21 865
Colombia	182 688	-	-	182 688	182 688	-
Comoros	1 291 094	-	-	1 291 094	488 378	802 716
Congo	32 181	-	-	32 181	-	32 181
Cook Islands	316 619	-	-	316 619	-	316 619
Costa Rica	10 457	12 580	-	23 037	22 490	547
Cuba	-	-	-	-	-	-
Cyprus	-	-	-	-	-	-
Czechoslovakia	-	-	-	-	-	-
Democratic Kampuchea	733 377	-	-	733 377	-	733 377
Dominican Republic	-	-	-	-	-	-
East African Community	-	-	-	-	-	-
Ecuador	23 107	-	-	23 107	23 107	-
Egypt	192 381	-	-	192 381	192 381	-
El Salvador	440 000	-	-	440 000	440 000	-
Equatorial Guinea	120 000	-	-	120 000	120 000	-
Fiji	168 000	-	-	168 000	-	168 000
Gabon	20 328	-	-	20 328	20 328	-
Gambia	-	-	(62 153)	(62 153)	(62 153)	-
Ghana	-	-	-	-	-	-
Greece	-	-	-	-	-	-
Grenada	58 164	37 280	(58 164)	37 280	-	37 280
Guatemala	-	-	-	-	-	-
(CARIC) 2/	41 900	-	-	41 900	-	41 900
Guyana	80 000	-	-	80 000	-	80 000

Schedule 2 (continued)

Governments' obligations

Government or organization	Balance 31/12/76	Recorded in 1977	Waivers and adjustments for 1977 and prior years	Total	Collected in 1977	Balance 31/12/77
Honduras	1 929	-	-	1 929	1 929	-
Hong Kong	-	-	-	-	-	-
Hungary	10 727	-	-	10 727	10 727	-
Iceland	31 699	-	-	31 699	-	31 699
India	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-
Iran	-	-	-	-	-	-
Iraq	1 835	-	-	1 835	-	1 835
Israel	1 340	-	-	1 340	-	1 340
Ivory Coast	4 029	-	-	4 029	-	4 029
Jamaica	120 177	-	-	120 177	1 374	2 655
Jordan	-	-	-	-	120 177	-
Kenya	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-
Lebanon	-	-	-	-	-	-
Liberia	726 810	-	-	726 810	8 646	718 164
Libyan Arab Jamahiriya	62 656	-	-	62 656	-	62 656
Madagascar	160 000	-	(160 000)	-	-	-
Malaysia	246	-	-	246	-	246
Malta	-	-	-	-	-	-
Mauritania	369 992	-	-	369 992	-	-
Mauritius	-	-	-	-	231 321	138 671
Mexico	19 880	-	-	19 880	-	19 880
Mongolia	-	-	-	-	-	-
Morocco	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-
Antilles	-	-	-	-	-	-
New Zealand	137 835	48 400	-	186 235	-	186 235
Niue	-	-	-	-	-	-
Nicaragua	171	-	-	171	-	-
Nigeria	80 000	516	-	687	171	516
Oman	480 000	-	-	480 000	-	80 000
Pakistan	75 846	103 271	-	179 117	480 000	-
Panama	-	-	-	-	-	179 117
Papua New Guinea	263 996	-	-	263 996	-	263 996
Paraguay	605 428	-	-	605 428	-	-
Peru	55 838	-	-	55 838	489 460	115 968
Philippines	-	-	-	-	-	55 838
Poland	-	-	-	-	-	-
Portugal	1 159	-	-	1 159	-	-
Qatar	-	-	-	-	-	-
Republic of Korea	12 321	-	-	12 321	12 321	-

Schedule 2 (continued)

Governments' obligations

Government or organization	Balance 31/12/76	Recorded in 1977	Waivers and adjustment for 1977 and prior years	Total	Collected in 1977	Balance 31/12/77
Romania	-	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-
Senegal	437 882	-	-	437 882	-	116 592
Sierra Leone	403 903	-	-	403 903	321 290	403 903
Singapore	-	-	-	-	-	-
Spain	111 050	-	-	111 050	6 794	104 256
Sri Lanka	27 609	-	-	27 609	27 609	-
Sudan	-	-	-	-	-	-
Surinam	5 773	-	-	5 773	-	5 773
Swaziland	91 200	-	-	91 200	-	91 200
Syrian Arab Republic	15 385	-	-	15 385	15 385	-
Thailand	-	-	-	-	-	-
Togo	362 388	-	-	362 388	100 806	261 582
Tonga	-	-	-	-	-	-
Trinidad and Tobago	-	-	-	-	-	-
Tunisia	893 004	-	-	893 004	-	-
Turkey	-	-	-	-	-	-
United Arab Emirates	22 455	19 904	-	42 359	(10 572)	903 576
United Kingdom of Great Britain and Northern Ireland:	-	-	-	-	-	-
Antigua	-	-	-	-	-	-
Brunei	61 074	13 840	-	74 914	-	74 914
Cayman Islands	793	3 102	-	3 895	-	3 895
Dominica	-	11 440	-	11 440	11 440	-
Gilbert Islands	38 183	6 400	-	44 583	(441)	45 024
Montserrat	-	-	-	-	-	-
St. Kitts	8 722	9 280	-	18 002	9 972	8 030
St. Lucia	15 121	13 680	-	28 801	7 385	6 295
St. Vincent	4 943	22 240	-	27 183	(1 530)	38 891
Solomon Islands	-	9 360	-	9 360	6 532	7 771
Turks and Caicos Islands	5 840	1 200	-	7 040	-	7 040
Virgin Islands, British	-	1 360	-	1 360	1 360	-
United Kingdom and France:	-	-	-	-	-	-
New Hebrides	31 036	15 885	-	46 921	31 036	15 885
United Republic of Cameroon	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-
Venezuela	202 058	-	-	202 058	-	-
Viet Nam	342 639	-	-	342 639	202 058	-
Yugoslavia	197 330	-	-	197 330	-	342 639
Zaire	-	-	-	-	125 271	72 059
Zambia	-	-	-	-	-	-
Total	12 196 377	361 258	(280 317)	12 277 318	3 764 701	8 512 617

(Statement I)

Schedule 3

UNITED NATIONS DEVELOPMENT PROGRAMME

Governments' obligations for cost-sharing contributions in respect of projects as at 31 December 1977
(in United States dollars)

Government or organization	Governments' obligations recorded in current year		Collected in 1977		Balance 31/12/77	Composition of balance	
	Balance 31/12/76	For 1977	For 1977	For future years		and prior years	For 1978 and future years
Algeria	52 953	4 087 400	4 140 353	-	4 087 400	-	4 087 400
Australia	-	-	53 524	-	53 524	-	-
Austria	-	-	420 000	-	420 000	-	-
Arab Fund For Economic and Social Development	-	-	20 000	-	20 000	-	-
Bahrain	489 770	543 197	1 704 921	50	954 801	146 900	603 220
Bolivia	154 306	734 800	1 392 665	-	231 769	426 095	734 800
Botswana	23 075	-	13 592	(2 027)	-	15 619	-
Brazil	13 059	425 000	2 928 974	2 503 974	2 503 974	-	425 000
Brunei	33 940	-	33 940	27 190	27 190	-	6 750
Burundi	-	-	586 432	286 432	286 432	-	-
Canada	-	-	203 584	203 584	203 584	-	-
Chile	-	-	26 010	26 010	26 010	-	-
Colombia	-	-	57 200	-	57 200	-	-
Costa Rica	40 000	-	40 000	-	40 000	-	-
Cyprus	-	-	10 197	10 197	10 197	-	-
East African Development Bank	-	-	45 600	-	45 600	-	-
Ecuador	-	-	137 800	62 800	62 800	-	-
Egypt	-	-	125 000	-	125 000	-	-
Gabon	104 851	1 119 645	1 224 496	1 224 496	1 224 496	-	325 000
Germany, Federal Republic of	-	-	42 800	-	42 800	-	-
Ghana	7 100	-	7 100	-	7 100	-	-
Greece	-	-	500 000	260 838	260 838	-	-
Guatemala	54 035	-	315 000	369 036	369 036	239 162	-
Honduras	-	-	67 585	262 500	262 500	-	-
Iceland	-	-	128 844	43 304	43 304	-	-
India	-	-	25 000	-	25 000	-	-
Indonesia	-	-	146 650	-	146 650	-	-
IBRD (World Bank)	-	-	105 000	105 000	105 000	-	-
International Telecommunication Union	-	-	20 000	-	20 000	-	-
Iran	11 691 158	3 891 062	20 000	20 000	20 000	-	-
Iraq	808 511	700 118	20 145 947	9 566 864	9 922 263	2 167 326	8 096 358
Italy	-	-	2 247 514	955 620	955 155	262 528	1 025 831
Ivory Coast	956 856	1 894 741	230 000	-	230 000	230 000	-
Japan	-	-	2 976 825	1 616 208	1 616 208	703 936	656 681
Jordan	-	-	907 914	607 914	907 914	-	-
Kuwait	-	-	308 270	108 270	308 270	-	-
Lebanon	321 263	83 080	404 343	157 198	157 198	-	-
Libyan Arab Jamahiriya	11 974	8 270	8 270	-	8 270	131 720	200 000
Malaysia	-	-	717 654	333 864	333 864	8 270	115 425
Mexico	-	-	970 944	970 944	970 944	63 906	251 208
Netherlands	1 474	-	235 616	-	235 616	-	-
	-	-	142 164	142 164	142 164	235 016	233 542
	-	-	3 274 033	3 274 033	3 416 197	-	-

Schedule 3 (continued)

Government or organization	Balance 31/12/1976		Governments' obligations recorded in current year		Collected in 1977		Composition of balance For 1977 For 1978	
			For 1977	for future years	For 1977 and prior years	For future years	and prior years	and future years
Nicaragua	1 893 996	2 859 804	74 600	-	74 600	-	-	-
Oman	1 615	330 628	4 753 800	206 200	4 359 804	393 996	293 800	206 494
Pakistan	-	15 000	538 443	-	38 149	-	-	-
Panama	-	45 600	15 000	-	15 000	-	-	-
Paraguay	-	116 127	45 600	400 447	45 600	-	-	-
Peru	1 009 317	34 200	74 100	39 900	29 951	-	116 127	400 447
Qatar	-	(686 492)	74 100	197 838	313 334	-	4 249	39 900
Republic of Korea	-	7 000	21 000	14 000	7 000	-	-	207 329
Rwanda	3 223 128	29 190	165 190	136 000	-	-	29 190	136 000
Saudi Arabia	26 547	8 761 764	14 877 521	2 872 629	10 090 731	10 090 731	1 624 469	3 142 321
Singapore	-	(7 000)	19 547	-	17 686	-	1 861	-
Sudan	-	1 620 708	1 741 874	121 146	1 118 413	1 118 413	502 295	121 146
Switzerland	-	776 544	776 544	-	776 544	-	-	-
Syrian Arab Republic	-	15 384	15 384	-	15 384	-	-	-
Thailand	-	15 159	15 159	-	15 159	-	-	-
Togo	-	15 000	40 000	25 000	4 911	-	10 089	25 000
Trinidad and Tobago	-	281 383	281 388	-	281 388	-	-	-
Trust Territory of the Pacific Islands	-	179 451	226 265	46 814	68 403	-	-	-
Turkey	425 300	1 418 845	5 471 987	3 627 842	1 505 922	104 144	111 048	46 814
Uganda	-	7 078	14 156	7 078	7 078	7 078	338 223	3 523 698
United Arab Emirates	255 232	1 036 414	1 860 792	569 146	335 365	-	874 100	651 327
United Kingdom of Great Britain and Northern Ireland	-	598 496	598 496	-	598 496	-	-	-
United Republic of Cameroon	235 688	85 603	85 603	245 842	126 506	-	85 603	-
United Republic of Tanzania	6 949	235 473	717 003	-	126 506	-	344 655	245 842
Uruguay	-	85	7 034	-	7 034	-	-	-
Venezuela	711 156	1 103 102	5 157 564	3 343 306	1 059 484	11 400	454 384	3 632 296
West African Development Bank	423 624	-	423 624	-	286 824	-	-	136 800
Yemen	217 174	949 822	1 345 924	178 928	179 727	-	1 048 196	118 001
Total	22 794 052	39 886 027	94 285 437	31 605 358	145 985 186	1 453 018	11 119 764	35 736 469

(Statement I)

UNITED NATIONS DEVELOPMENT PROGRAMME

Governments' obligations for cash counterpart contributions in respect of projects
as at 31 December 1977
(in United States dollars)

Countries or area	Balance 31/12/1976	Governments' obligations Adjusted and recorded in current year		Collected in 1977		Balance due		Total
		For 1977 and prior years	For future years	In respect of 1977 and prior years	In respect of future years	For 1977 and prior years	For future years	
Afghanistan	6 838	1 700	-	3 848	-	2 690	2 000	4 690
Algeria	19 277	235	195 122	8 538	-	19 512	195 122	214 634
Argentina	245 838	77 670	-	214 634	-	159 761	27 970	187 731
Australia	155 793	44 723	-	323 508	-	25 206	-	85 206
Bahamas	-	(1 754)	-	200 516	-	-	-	-
Bahrain	4 000	6 124	365	(1 754)	-	-	-	-
Bangladesh	44 003	-	-	50 492	-	31 071	9 350	40 421
Barbados	275 337	-	-	275 337	-	105 574	83 408	188 982
Belize	2 958	-	-	2 958	-	3 118	-	3 118
Benin	29 000	-	-	29 000	-	29 000	-	29 000
Bhutan	-	1 000	-	1 000	-	-	-	-
Bolivia	9 620	236 300	244 492	245 920	71 011	92 320	153 600	245 920
Brazil	265 577	93 555	-	603 624	-	31 627	173 480	205 107
Bruni	-	8 237	-	8 237	-	-	-	-
Burma	-	91 006	-	106 809	-	91 809	-	91 809
Burundi	15 803	2 224	-	180 567	-	177 353	-	177 353
Central African Empire	95 762	92 365	-	97 986	-	97 986	-	97 986
Chile	279 585	-	-	371 950	-	4 695	-	4 695
Colombia	4 836	20 755	31 008	4 836	-	467 731	31 008	498 739
Congo	452 764	984	-	504 527	-	5 788	-	5 788
Cook Islands	-	984	-	984	-	-	-	-
Costa Rica	59 988	(59 988)	-	(1 458)	-	-	-	-
Cyprus	500	(1 958)	30 500	45 500	-	15 000	30 500	45 500
Dominican Republic	28 976	15 000	-	-	-	-	-	-
East African Community	11 634	(28 976)	-	-	-	-	-	-
Ecuador	969 042	805	-	12 439	148 467	12 439	-	12 439
Egypt	72 364	(125 723)	157 179	1 000 498	-	128 275	368 612	496 887
El Salvador	3 000	28 000	-	100 364	-	57 364	-	57 364
Fiji	27 857	-	-	3 000	-	1 000	2 000	3 000
France	721 200	6 802	8 388	736 390	-	27 857	333 597	27 857
Gabon	27 380	-	-	27 380	-	27 380	-	27 380
Gambia	-	46 522	-	46 522	-	-	-	-
Ghana	-	738	-	738	-	-	-	-
Gilbert Islands	21 094	-	-	21 094	-	21 094	-	21 094
Grenada	123 422	-	-	123 422	-	-	-	-
Guatemala	54 261	(1 226)	-	53 035	-	53 215	-	53 215
Guinea	235 538	-	-	235 538	-	132 188	83 408	215 596
Guyana	444 135	-	-	444 135	-	444 135	-	444 135
Haiti	125 892	-	-	125 892	-	125 892	-	125 892
Honduras	16 623	16 514	-	33 137	-	-	8 000	8 000
Hong Kong	87 509	88 033	124 353	299 895	-	58 410	144 353	202 763
India	766 497	61 717	104 217	932 431	-	488 619	295 262	777 888
Indonesia	1 806 996	596 598	55 132	2 458 726	31 378	215 618	537 146	752 764
Iran	-	-	-	-	-	-	-	-

Schedule 4 (continued)

Countries or area	Balance 31/12/1976	Governments' obligations adjusted and recorded in current year		Collected in 1977		Balance due	
		For 1977 and prior years	For future years	In respect of 1977 and prior years	In respect of future years	For 1977 and prior years	For future years
Iraq	60 000	1 155 186	-	1 155 186	-	1 155 186	-
Ivory Coast	266 658	(266 658)	-	-	-	-	60 000
Jamaica	33 596	196 000	-	441 000	-	362 000	33 596
Japan	245 000	(1 958)	-	(1 958)	1 000	(1 958)	79 000
Jordan	-	40	-	3 704	-	3 704	-
Kenya	3 664	(4 895)	-	(4 895)	-	(4 895)	-
Kuwait	-	(110 339)	-	109 539	-	109 539	800
Laos	110 339	(7 937)	-	(7 937)	-	(7 937)	-
Lebanon	36 005	(2 191)	-	(2 191)	-	(2 191)	-
Liberia	36 100	(5 255)	-	(5 255)	-	(5 255)	-
Libyan Arab Jamahiriya	69 959	(12 599)	-	(12 599)	-	(12 599)	-
Malawi	12 599	47 330	90 000	10 349	-	10 349	-
Malaysia	52 249	10 041	-	52 618	-	52 618	-
Mali	315 084	9 238	-	11 342	-	11 342	110 000
Malta	85 947	4 887	-	9 346	-	9 346	-
Mauritania	8 441	17 855	(220 028)	90 834	-	90 834	-
Mexico	801 266	4 000	-	177 778	-	177 778	-
Morocco	4 000	1 249	-	2 649	-	2 649	-
Nepal	1 249	1 400	-	2 649	-	2 649	-
Netherlands	54 710	4 133	-	23 333	-	23 333	-
Netherlands Antilles	49 856	-	-	16 000	-	16 000	-
New Zealand	38 074	-	-	7 334	-	7 334	-
New Zealand	7 334	14 990	-	16 000	-	16 000	-
Nicaragua	167 018	11 179	-	182 008	-	182 008	-
Niger	43 556	26 609	-	54 735	-	54 735	-
Pakistan	-	21 745	25 000	1 200	91	1 200	-
Panama	2 000	(13 238)	-	23 484	800	23 484	-
Papua New Guinea	28 147	(779 843)	-	(12 712)	-	(12 712)	-
Paraguay	3 557	8 847	-	40 711	-	40 711	-
Peru	1 110 947	34 827	-	93 785	5 472	93 785	-
Philippines	8 847	39 000	-	2 435	-	2 435	-
Poland	99 888	2 059	-	785 530	-	785 530	-
Republic of Korea	39 000	25 917	-	60 771	-	60 771	-
Rwanda	1 894	2 022	-	6 750	-	6 750	-
Saudi Arabia	949 570	126 308	60 846	2 022	60 846	2 022	-
Senegal	176 713	3 230	-	216 414	-	216 414	-
Singapore	8 000	(13 338)	-	9 911	-	9 911	-
Solomon Islands	-	16 712	-	2 042	-	2 042	-
Somalia	90 106	3 750	-	(44 612)	-	(44 612)	-
Sri Lanka	16 086	(1 958)	-	1 792	-	1 792	-
Sudan	113 221	-	-	3 405	-	3 405	6 000
Surinam	16 712	-	-	2 042	-	2 042	-
Syrian Arab Republic	3 750	-	-	61 324	-	61 324	-
				(1 575)		(1 575)	3 367

Countries or area	Governments' obligations Adjusted and recorded in current year		Collected in 1977		Balance due	
	For 1977 and prior years	For future years	In respect of 1977 and prior years	In respect of future years	For 1977 and prior years	For future years
			Total		Total	Total
Thailand	101 591	45 222	236 813	118 812	118 812	118 001
Togo	5 138	-	5 138	-	5 138	-
Tonga	1 250	-	1 250	700	700	400
Trinidad and Tobago	338 089	-	338 089	71 226	126 510	111 833
Trust Territory of the Pacific Islands	-	-	3 333	-	3 333	-
Tunisia	12 494	3 333	12 180	12 082	12 082	-
Turkey	47 099	10 222	116 706	26 592	26 592	59 385
United Kingdom of Great Britain and Northern Ireland:	1 355	-	1 355	-	-	-
Antigua	24 076	(3 919)	20 157	(1 270)	(1 270)	1 355
Cayman Islands	9 879	(2 669)	7 210	6 319	6 319	21 427
Dominica	27 381	(3 919)	23 462	-	-	891
Montserrat	4 708	(1 250)	3 458	(1 927)	(1 927)	23 462
St. Kitts	38 458	(802)	37 656	-	-	5 385
St. Lucia	18 693	(4 711)	13 982	10 481	10 481	37 656
St. Vincent	21 094	(5 170)	15 924	(5 170)	(5 170)	3 501
Turks and Caicos Islands	13 035	(2 669)	10 366	487	487	21 094
Virgin Islands, British	9 998	(2 669)	7 329	350	350	9 879
United Republic of Cameroon	441 868	(76 222)	366 341	344 423	344 423	6 979
United States of America	6 465	-	6 465	-	-	203
Upper Volta	12 889	136 791	149 680	147 820	147 820	6 465
Uruguay	15 501	1 481	16 982	15 456	15 456	1 860
Venezuela	-	123 364	123 364	-	-	1 526
Yemen	50 290	(47 253)	3 037	(18 831)	(18 831)	41 121
Zaire	-	53 100	53 100	53 100	53 100	21 868
Total	14 073 187	2 134 674	17 032 051	7 809 030	8 183 079	3 408 563

(Statement I)

Schedule 5

UNITED NATIONS DEVELOPMENT PROGRAMME

Miscellaneous income and expense for the years ended 31 December 1977 and 1976
(in United States dollars)

<u>1976</u>		<u>1977</u>
4 490 039	Income from investments	12 107 896
209 879	Interest on housing loans	104 077
(176 949)	Miscellaneous income from accounts of participating and executing agencies	4 909 758
(43 150)	Interest on advance from FAO	-
50 300	Overhead in respect of prior years surrendered by an executing agency	-
	Sundry income	
	Adjustment to prior years' income	375 616
	Other miscellaneous income (other than above)	131 967
	Refund of prior year's expense	156 770
	Miscellaneous income and savings in liquidating prior year's obligations	968 625
	Bank charges	<u>(20 494)</u>
<u>134 498</u>	Net sundry income	<u>1 612 484</u>
4 664 617		18 734 215
<u>(292 786)</u>	Gains (losses) on exchange and revaluation of currencies	<u>7 050 372</u>
<u>4 371 831</u>	Total	(Statement I) <u>25 784 587</u>

UNITED NATIONS DEVELOPMENT PROGRAMME

1977 expenditure by agency
(in United States dollars)

Agency	Indicative Planning Figures (IPF)				Total	Programme reserve	Special Industrial Services	Special measures for least developed countries	Cost-sharing	Government cash counterpart contributions	Subtotal	Overhead %	Total
	Country	Regional	Inter-regional	Global									
UNITED NATIONS	38 834 636	5 369 311	65 278	-	44 269 225	1 537 561	1 156 642	4 317 859	1 110 354	52 161 641	6 768 153	58 929 794	
ECA	-	851 081	-	-	851 081	-	17 000	-	-	868 081	121 531	989 612	
ECE	-	49 099	-	-	49 099	-	-	-	-	49 099	-	49 099	
ECWA	-	151 820	-	-	151 820	-	-	-	-	151 820	21 255	173 075	
ESCAP	-	1 808 992	-	-	1 808 992	-	-	-	660 691	2 469 683	253 259	2 722 942	
UNIDO	25 588 592	527 501	249 695	-	26 365 788	841 305	3 452 639	2 244 095	276 220	33 961 031	4 651 426	38 612 457	
UNCTAD	3 203 647	2 931 727	1 568 766	-	7 704 140	-	-	234 829	56 997	8 125 253	1 400 000	9 525 253	
ILO	19 974 297	2 025 797	204 370	25 494	22 229 958	241 224	850 309	2 469 019	278 681	26 069 191	3 599 958	29 669 149	
FAO	67 618 158	5 850 777	2 303 219	139 432	75 911 586	969 569	3 200 241	8 279 579	1 845 091	90 206 066	12 376 410	102 582 476	
UNESCO	23 626 711	2 716 642	143 482	-	26 486 835	277 936	149 245	2 579 920	152 200	29 646 136	3 955 073	33 601 209	
ICAO	10 846 962	2 150 449	55 030	-	13 052 441	36 442	336 849	1 673 838	101 473	15 201 043	2 160 037	17 361 080	
WHO	10 957 835	1 946 503	261 812	54 730	13 220 880	91 995	475 124	1 089 743	216 080	15 093 822	2 057 258	17 151 080	
WORLD BANK	9 904 304	77 845	45 000	-	10 027 149	124 228	285 844	1 001 239	297 061	11 735 521	1 246 737	12 982 258	
UNU	161 568	285 840	-	-	447 408	-	-	153 852	29 393	630 653	284 176	914 829	
ITU	8 225 525	2 189 826	375 594	-	10 671 945	-	872 343	941 148	-	12 485 436	1 747 961	14 233 397	
WMO	3 582 708	2 468 747	368 161	-	6 419 616	-	-	154 059	19 328	6 593 003	1 537 809	8 130 812	
IMCO	1 391 471	532 654	110 893	-	2 035 018	-	-	97 575	-	2 132 593	365 955	2 498 548	
WIPO	-	12 400	-	-	12 400	-	-	-	-	12 400	2 700	15 100	
IAEA	2 565 540	41 911	-	-	2 607 451	14 028	-	214 796	-	2 836 275	397 255	3 233 530	
WTO	9 341	-	-	-	9 341	-	-	-	-	9 341	1 308	10 649	
AFESD	-	855 743	-	-	855 743	-	-	-	-	855 743	119 804	975 547	
ASDB	365 693	-	-	-	365 693	3 144	-	-	-	368 837	51 637	420 474	
IADB	163 973	100 579	-	-	264 552	-	-	-	52 003	316 555	37 068	353 623	
GOVERNMENTS	-	207 255	-	-	207 255	-	-	-	-	207 255	-	207 255	
UNDP	10 573 456	2 810 738	342 486	6 041 339	19 768 019	1 280 629	1 227 737	2 713 961	770 207	25 760 553	2 114 902	27 875 455	
Total	237 475 417	35 963 237	6 093 786	6 260 995	285 793 435 ^{b/}	5 188 061 ^{b/}	3 452 639 ^{b/}	28 165 512 ^{b/}	5 865 779 ^{b/}	337 947 031 ^{b/}	45 271 672 ^{b/}	383 218 703	

a/ Consisting of overheads of \$ 3,436,111 - charged to cost-sharing contributions.
 \$ 65,228 - charged to government cash counterpart contributions.
 \$41,770,333 - charged to UNDP main resources.

\$45,271,672

b/ As shown in Statement I.

Schedule 7

UNITED NATIONS DEVELOPMENT PROGRAMME

Administrative and programme support costs
Budget appropriations and expenditure for the year ended 31 December 1977
(in United States dollars)

Appropriation section	Appropriations 1977	Expenditure			Unencumbered balance
		Disbursements	Unliquidated obligations as at 31 December 1977	Total expenditure	
<u>Policy-making organs</u>					
Governing Council secretariat	1 160 200	591 915	16 093	608 008	552 192
Division of External Relations	243 500	317 592	3 125	320 717	(77 217)
	1 403 700	909 507	19 218	928 725	474 975
<u>Executive direction and management</u>					
Office of the Administrator and Deputy Administrator	586 400	790 888	32 982	823 870	(237 470)
Executive Office	198 100	141 406	250	141 656	56 444
Planning and Co-ordination Office	404 000	260 423	-	260 423	143 577
	1 188 500	1 192 717	33 232	1 225 949	(37 449) ^{a/}
<u>Programme management and support</u>					
Africa	11 096 500	10 085 160	1 121 574	11 206 734	(110 234)
Asia and the Pacific	7 282 900	6 786 363	316 675	7 103 038	179 862
Europe, Mediterranean and the Middle East	7 909 400	7 263 123	449 030	7 712 153	197 247
Latin America and the Caribbean	6 392 500	5 635 004	284 201	5 919 205	473 295
Programme policy and evaluation Division for Global and Interregional Projects	3 534 500	3 549 487	42 469	3 591 956	(57 456)
	344 600	322 374	3 948	326 322	18 278
	36 560 400	33 641 511	2 217 897	35 850 408	700 992
<u>Sectoral support services</u>					
Agricultural advisers in the field	4 285 800	3 384 555	143 068	3 527 623	758 177
Industrial advisers in the field	2 924 700	1 878 830	116 980	1 995 810	928 890
	7 210 500	5 263 385	260 048	5 523 433	1 687 067
<u>Administrative and common services</u>					
Bureau for Administration	10 040 500	8 998 259	534 532	9 532 791	507 709
Division of Information	1 307 700	1 123 101	144 466	1 267 567	40 133
Administrative and common services in the field	21 147 900	21 289 211	1 589 209	22 878 420	(1 730 520)
	32 496 100	31 410 571	2 268 207	33 678 778	(1 182 678) ^{a/}
<u>United Nations Volunteers</u>					
	1 111 600	1 048 178	75 980	1 124 158	(12 558) ^{a/}
<u>United Nations Capital Development Fund</u>					
	338 600	369 631	45 420	415 051	(76 451) ^{a/}
<u>Gross appropriations and expenditure</u>					
	80 309 400	73 835 500	4 920 002	78 755 502	1 553 898
Deduct:					
<u>Income</u>					
Host Government cash contributions	8 815 900	8 655 209	-	8 655 209	160 691
Staff assessment income	9 490 900	9 450 315	-	9 450 315	40 585
Reimbursement by FAO	914 200	913 000	-	913 000	1 200
Refund from United Nations Joint Staff Pension Fund	155 000	321 301	-	321 301	(166 301)
Reimbursement by Office for Projects Execution	250 000	-	-	-	250 000
Proceeds of sale of equipment	100 000	423 046	-	423 046	(323 046)
	19 726 000	19 762 871	-	19 762 871	(36 871)
<u>Net appropriations and expenditure</u>					
	60 583 400	54 072 629	4 920 002	58 992 631 (Statement I)	1 590 769

^{a/} As expenditures exceed appropriations for executive direction and management, administrative and common services, the United Nations Volunteers programme and the United Nations Capital Development Fund, the Administrator will ask the Advisory Committee on Administrative and Budgetary Questions for authority to transfer credits between programmes as necessary.

Schedule 8

UNITED NATIONS DEVELOPMENT PROGRAMME

Administrative costs of the Office for Projects Execution
for the year ended 31 December 1977

(in United States dollars)

	<u>Appropriations</u>	<u>Disbursements</u>	<u>Unliquidated obligations as at 31 December 1977</u>	<u>Total expenditure</u>	<u>Unencumbered balance</u>
Section 1 - Salaries and wages	991 810	1 158 465	2 561	1 161 026	(169 216)
Section 2 - Common staff costs	236 620	389 741	20 935	410 676	(174 056)
Section 3 - Travel and transportation	75 000	85 937	11 563	97 500	(22 500)
Section 4 - Permanent equipment	41 000	100 980	8 682	109 662	(68 662)
Section 5 - Other general expenses	194 500	247 577	1 616	249 193	(54 693)
Section 6 - Special expenses	90 000	244 120	2 033	246 153	(156 153)
Gross appropriations and expenditure	1 628 930	2 226 820	47 390	2 274 210	(645 280)
Deduct:					
Section 7 - Income					
Staff assessment income	160 000	251 586	-	251 586	(91 586)
Other income	-	396 271	-	396 271	(396 271)
	160 000	647 857	-	647 857	(487 857)
Net appropriations and expenditure	1 468 930	1 578 963	47 390	1 626 353	(157 423)

(Statement VI)

Schedule 9

UNITED NATIONS DEVELOPMENT PROGRAMME

Costs of support services for UNDP-executed projects
for the year ended 31 December 1977

(in United States dollars)

	<u>Appropriations</u>	<u>Expenditure</u>	<u>Unencumbered balance</u>
Bureau for Special Activities	503 000	157 038	345 962
Programme management and support	105 400	88 382	17 018
Administrative and common services	<u>562 500</u>	<u>378 309</u>	<u>184 191</u>
Gross appropriations and expenditure	1 170 900	623 729	547 171
Less:			
Staff assessment income	<u>125 300</u>	<u>135 180</u>	<u>(9 880)</u>
Net appropriations and expenditure	<u><u>1 045 600</u></u>	<u><u>488 549</u></u>	<u><u>557 051</u></u>

(Statement VI)

Schedule 10

UNITED NATIONS DEVELOPMENT PROGRAMME
Investments as at 31 December 1977 and 1976
 (in United States dollars)

1976	Type	Currency	Interest rate	1977
Interest-bearing current accounts				
641 634		Danish Kroner	8.00	1 394 438
122 056		Swedish Kronor	7.50	96 248
2 140 701		Finnish Markka	5.00	1 552 925
20 552		Dutch Guilders	1.50	2 122 623
51 962		Canadian Dollars	a/	670 410
32 117		Pounds Sterling	a/	213 520
3 009 022				6 050 164
Call accounts				
9 290 429		Pounds Sterling	14.00	-
3 570 238		Swedish Kronor	10.25	1 481 695
6 276 150		Canadian Dollars	6.875	1 843 144
1 569 038		Deutsche Marks	4.75	-
9 156 225		Deutsche Marks	4.50	-
.		Japanese Yen	2.75	-
.		French Francs	a/	185 567
.		United States Dollars	a/	1 000 000
.		United States Dollars	a/	2 000 000
.		United States Dollars	a/	3 000 000
.		United States Dollars	a/	1 000 000
.		Belgian Francs	a/	841 429
.		Pounds Sterling	a/	3 727 273
.		Deutsche Marks	a/	1 956 077
29 862 080				17 035 185
Deposit at notice accounts				
Savings accounts				
18 533 684		Japanese Yen	a/	1 444 168
Time deposit accounts				
.		United States Dollars	5.00	4 056 318
.		French Francs	13.875	2 061 856
.		French Francs	13.4375	2 886 598
.		Swedish Kronor	11.00	523 013
.		Swedish Kronor	10.50	2 615 062
.		Italian Lire	10.50	2 045 455
.		New Zealand Dollars	10.50	300 000
.		New Zealand Dollars	10.25	1 650 000
.		Italian Lire	10.00	2 045 455
.		New Zealand Dollars	10.00	300 000
.		New Zealand Dollars	9.625	100 000
.		Australian Dollars	9.50	674 157
.		New Zealand Dollars	9.50	100 000
.		New Zealand Dollars	9.00	100 000
.		New Zealand Dollars	7.50	-
.		Belgian Francs	7.25	4 285 714
.		United States Dollars	7.1875	5 476 951
.		United States Dollars	7.125	21 000 000
.		Canadian Dollars	7.05	13 636 364
.		United States Dollars	7.00	14 000 000
.		United States Dollars	6.95	10 000 000
.		United States Dollars	6.9375	11 500 000
.		United States Dollars	6.875	22 000 000
.		United States Dollars	6.84	10 000 000
.		Dutch Guilders	6.125	16 666 667
.		Dutch Guilders	6.00	2 916 666
.		Pounds Sterling	5.6875	3 636 364
.		Pounds Sterling	5.5625	3 090 909
.		Pounds Sterling	5.4375	6 181 818
.		Pounds Sterling	5.25	5 454 545
.		Pounds Sterling	5.125	3 636 364
.		Pounds Sterling	5.00	3 636 364
.		United States Dollars	5.00	-
.		United States Dollars	4.8125	-
.		Zaire	4.00	406 977
.		Japanese Yen	3.25	24 270 573
.		Swiss Francs	2.8125	3 686 636
.		Swiss Francs	2.375	4 147 466
.		Swiss Francs	2.1875	6 912 442
.		Deutsche Marks	2.125	3 108 108
.		Swiss Francs	2.125	3 456 221
.		Swiss Francs	2.0625	2 534 562
.		Swiss Francs	1.50	737 327
.		Swiss Francs	1.3125	921 659
5 000 000				222 702 293
500 000				
8 136 364				
59 541 150	Total investments			251 328 148

(Statement II.)

a/ Fluctuating interest rate.

Schedule 11

UNITED NATIONS DEVELOPMENT PROGRAMME

Investments of the Operational Reserve
as at 31 December 1977

(in United States dollars)

<u>1976</u>	<u>Type</u>	<u>Currency</u>	<u>Interest rate</u>	<u>1977</u>
-	Time deposit account			
-		United States dollars	7.0625	5 000 000
-		Deutsche marks	4.30	4 954 955
-		Japanese yen	3.25	5 000 000
-		Deutsche marks	2.125	45 045
-	Total investments		(Statement III)	15 000 000

Schedule 12

UNITED NATIONS DEVELOPMENT PROGRAMME

Housing loans as at 31 December 1977

(in United States dollars)

<u>Borrower</u>	<u>Repayment period of loan^{a/}</u>	<u>Balance 31/12/76</u>	<u>Due in 1977</u>	<u>Received in 1977</u>	<u>Balance 31/12/77</u>
Chad, Development Bank of.	1969-78	45,734	22,471	22,470	23,264
United Republic of Tanzania, Government of	1975-84	206,688	22,809	22,609	183,879
Botswana, Government of	1975-89	572,858	35,484	35,484	537,374
Malawi, Government of					
- Phase I	1975-90	230,439	13,618	13,618	216,821
- Phase II	1976-91	175,381	9,470	9,470	165,911
East African Community	1976-90	426,731	24,090	24,090	402,641
Lesotho, Government of	1976-90	571,122	32,242	32,242	538,880
Rwanda, Government of	1976-90	161,210	9,101	9,101	152,109
Swaziland, Government of	1976-90	430,999	24,331	24,331	406,668
Burundi, Government of	1976-91	295,323	16,385 ^{b/}	8,264	287,059
Benin, Government of	<u>c/</u>	437,557	-	-	437,557
Total		<u>3,554,042</u>	<u>210,001</u>	<u>201,879</u>	<u>3,352,163</u>

(Statement II)

- a/ Interest accrues at 3 1/2 per cent per year on the unpaid balance.
- b/ The first installment for the year 1977 was paid in December 1976 and reported in the 1976 year-end accounts.
- c/ Repayment period has not yet been agreed.

Schedule 13

UNITED NATIONS DEVELOPMENT PROGRAMME

Junior Professional Officers' ProgrammeStatus of funds as at 31 December 1977

(in United States dollars)

<u>Sources of financing</u>	<u>Balance</u> <u>31/12/76</u>	<u>Receipts</u>	<u>Total</u>	<u>Disbursements</u>	<u>Balance</u> <u>31/12/77</u>
1. <u>Governments</u>					
Austria	(47 046)	1 000	(46 046)	93 856	(139 902)
Belgium	362 341	552 760	915 101	537 600	377 501
Canada	27 812	-	27 812	71 387	(43 575)
Denmark	-	58 411	58 411	14 430	43 981
Finland	1 891	54 451	56 342	38 732	17 610
Germany, Federal Republic of	187 101	524 850	711 951	294 976	416 975
Iran	55 813	-	55 813	(2 874)	58 687
Italy	-	28 655	28 655	10 126	18 529
Japan	(9 792)	198 150	188 358	125 424	62 934
Netherlands	654 847	1 415 317	2 070 164	1 388 056	682 108
Norway	-	137 915	137 915	71 486	66 429
Sweden	68 545	149 788	218 333	230 247	(11 914)
Switzerland	100 716	120 110	220 826	138 222	82 604
2. <u>Others</u>					
United Nations Association of Great Britain and Northern Ireland	(1 526)	-	(1 526)	-	(1 526)
Friends Service Council	(166)	166	-	-	-
Total	1 400 536	3 241 573	4 642 109	3 011 668	1 630 441

(Statement II)

Schedule 14

UNITED NATIONS DEVELOPMENT PROGRAMME

Special Measures Fund for the Least Developed Countries
Status of funds as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>24 445 418</u>	Unexpended balance at 1 January	<u>19 872 969</u>
	Income and expenditure for year	
7 988 780	Special contributions from Governments (Schedule 1)	4 065 705
<u>(12 561 229)</u>	Programme expenditure (Schedule 6)	<u>(9 481 605)</u>
(4 572 449)		(5 415 900)
-	Funds transferred from the programme reserve (Note 3)	3 000 000
-	Adjustments of programme expenditure 1972-76 (Note 5)	<u>(136 499)</u>
<u>(4 572 449)</u>		<u>(2 552 399)</u>
<u>19 872 969</u>	Unexpended balance at 31 December (Statement II)	<u>17 320 570</u>

Schedule 15

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of account for government cost-sharing contributions
as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>2 210 398</u>	Unexpended contributions at 1 January	<u>16 983 988</u>
	Income and expenditure for year	
47 765 980	Cost-sharing contributions received (Schedule 3)	47 438 204
<u> </u>	Less: Exchange adjustments on collection of contributions	<u>(3 333)</u>
<u>47 765 980</u>		<u>47 434 871</u>
(28 940 693)	Programme expenditure (Schedule 6)	(28 165 512)
<u>(4 051 697)</u>	Reimbursement of overhead costs to participating and executing agencies (Schedule 6)	<u>(3 436 111)</u>
(32 992 390)		(31 601 623)
<u>14 773 590</u>	Excess of income over expenditure	<u>15 833 248</u>
<u>16 983 988</u>	Unexpended contributions at 31 December (Statement II)	<u>32 817 236</u>

Schedule 16

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of account for government cash counterpart contributions
as at 31 December 1977 and 1976

(in United States dollars)

<u>1976</u>		<u>1977</u>
<u>1 016 268</u>	Unexpended contributions at 1 January	<u>2 425 074</u>
	Income and expenditure for year	
7 895 966	Cash counterpart contributions received	(Schedule 4) 8 183 079
-	Add: Exchange adjustments on collection of contributions	<u>2 417</u>
<u>7 895 966</u>		<u>8 185 496</u>
(6 419 036)	Programme expenditure	(Schedule 6) (5 865 779)
<u>(68 124)</u>	Reimbursement of overhead costs to participating and executing agencies	(Schedule 6) <u>(65 228)</u>
(6 487 160)		<u>(5 931 007)</u>
<u>1 408 806</u>	Excess of income over expenditure	<u>2 254 489</u>
<u>2 425 074</u>	Unexpended contributions at 31 December (Statement II)	<u>4 679 563</u>

Schedule 17

UNITED NATIONS DEVELOPMENT PROGRAMME

Trust funds administered by UNDP

Status of contributions pledged as at 31 December 1977
(in United States dollars)

Trust funds/Governments	Balance due 31/12/76	Additions and adjustments	Pledged for 1978	Total	Payments received in 1977	Balance 31/12/77	Composition of balance	
							For 1977 and prior years	For 1978
United Nations Capital Development Fund								
Afghanistan	-	3 000	3 000	6 000	6 000	-	-	-
Algeria	22 000	-	24 200	46 200	22 000	24 200	-	24 200
Argentina	47 750	-	-	47 750	27 050	20 700	-	-
Bangladesh	2 000	-	2 300	4 300	2 000	2 300	20 700	-
Belgium	108 108	6 178	-	114 286	114 286	-	-	2 300
Bolivia	1 800	-	-	1 800	1 800	-	-	-
Botswana	-	-	2 778	2 778	-	-	-	-
Brazil	20 000	-	-	20 000	20 000	2 778	-	2 778
Burma	5 000	-	-	5 000	-	5 000	5 000	-
Chad	5 318	-	-	5 318	-	5 000	5 318	-
Chile	20 000	-	-	20 000	-	5 318	-	-
China	105 263	-	10 000	30 000	20 000	10 000	-	10 000
Colombia	1 000	-	108 108	213 371	105 263	108 108	-	108 108
Costa Rica	8 497	-	-	1 000	857	8 497	143	-
Cuba	24 242	-	24 242	48 484	24 242	24 242	8 497	-
Cyprus	240	2	300	542	242	300	24 242	24 242
Democratic Kampuchea	1 234	-	-	1 234	-	300	-	300
Democratic Yemen	-	-	1 000	1 000	-	1 234	1 234	-
Denmark	851 789	(45 337)	819 672	1 626 124	806 452	1 000	-	1 000
Dominican Republic	5 000	-	-	5 000	-	819 672	-	819 672
Egypt	44 447	(19 601)	24 846	49 692	-	5 000	5 000	-
Greece	3 719	-	3 000	6 719	3 719	3 000	24 846	24 846
Haiti	15 000	-	2 000	2 000	2 000	-	-	3 000
Iran	47 118	-	15 000	30 000	15 000	15 000	-	15 000
Iraq	15 000	496	-	47 118	-	47 118	47 118	-
Ivory Coast	3 000	-	2 131	15 496	3 000	15 496	15 496	-
Jamaica	3 000	-	-	5 131	-	2 131	-	2 131
Lao People's Democratic Republic	-	-	-	3 000	-	-	-	-
Liberia	-	10 000	-	10 000	10 000	3 000	3 000	-
Malawi	-	-	7 500	7 500	-	-	-	-
Mauritius	1 900	-	2 015	3 915	1 900	2 015	-	7 500
Morocco	-	11 111	11 111	22 222	11 111	11 111	-	2 015
Netherlands	5 976 096	72 291	6 875 000	12 923 387	6 048 387	6 875 000	-	11 111
Niger	65 000	2 182	-	68 182	-	68 182	-	6 875 000
Nigeria	16 130	(505)	-	15 625	-	68 182	68 182	-
Norway	1 912 046	-	2 767 528	4 679 574	1 912 046	15 625	15 625	-
Pakistan	96 162	-	96 162	192 324	-	192 324	96 162	2 767 528
Philippines	20 000	-	-	20 000	-	20 000	20 000	96 162
Qatar	15 000	-	-	15 000	-	15 000	15 000	-
Senegal	30 000	-	60 820	60 820	-	60 820	15 000	60 820
Sri Lanka	-	-	-	5 000	-	20 000	20 000	-
Sudan	-	-	-	5 000	-	5 000	-	5 000
Sweden	3 571 429	3 005 099	4 184 100	10 760 628	6 576 528	4 184 100	-	4 184 100
Switzerland	-	-	500 000	500 000	500 000	-	-	-
Tunisia	1 500	-	1 525	3 025	1 500	1 525	-	1 525
Turkey	153 153	-	153 153	306 306	153 153	153 153	-	153 153
United Republic of Cameroon	1 048	21	1 245	2 314	1 069	1 245	-	1 245
United Republic of Tanzania	1 721	-	1 852	3 573	1 721	1 852	-	1 852
United States of America	-	-	2 000 000	2 000 000	-	2 000 000	-	2 000 000
Yugoslavia	300 000	-	300 000	600 000	300 000	300 000	-	300 000
Total	13 512 710	3 044 937	18 009 588	34 567 235	16 691 326	17 875 909	371 321	17 504 588
United Nations Revolving Fund for Natural Resources Exploration (Statement VIII)								
Belgium	-	857 143	142 857	1 000 000	-	1 000 000	857 143	142 857
Iraq	19 000	-	-	10 000	-	10 000	10 000	-
Japan	-	3 500 000	-	3 500 000	3 500 000	-	-	-
Netherlands	398 406	4 820	-	403 226	403 226	-	-	-
United States of America	2 500 000	-	1 000 000	3 500 000	-	3 500 000	2 500 000	1 000 000
Total	2 908 406	4 361 963	1 142 857	8 413 226	3 903 226	4 510 000	3 367 143	1 142 857
(Statement IX)								

Schedule 17 (continued)

Trust funds/Governments	Balance due 31/12/76	Additions and adjustments	Pledges for 1978	Total	Payments received in 1977	Balance 31/12/77	Composition of balance	
							For 1977 and prior years	For 1978
United Nations Trust Fund for Sudanese-Sabalian Activities								
Canada	-	4 728 788	-	4 728 788	4 728 788	-	-	-
Denmark	-	70 000	-	70 000	70 000	-	-	-
Netherlands	-	4 414 000	-	4 414 000	4 414 000	-	-	-
United States of America	-	50 000	-	50 000	50 000	-	-	-
Total	-	9 262 788	-	9 262 788	9 262 788	-	-	-
United Nations Volunteers programme - Special Voluntary Fund (Statement X)								
Austria	5 500	-	-	5 500	5 500	-	-	-
Belgium	-	30 303	-	30 303	-	30 303	30 303	-
Canada	-	94 340	-	94 340	94 340	-	-	-
Cyprus	-	195	-	195	195	-	-	-
Denmark	-	14 857	-	14 857	14 857	-	-	-
Germany, Federal Republic of	-	129 310	-	129 310	129 310	-	-	-
Indonesia	-	1 000	-	1 000	1 000	-	-	-
Iraq	-	1 000	-	1 000	1 000	-	-	-
Israel	-	500	-	500	500	-	-	-
Liberia	-	1 500	-	1 500	1 500	-	-	-
Morocco	-	10 000	-	10 000	10 000	-	-	-
Netherlands	-	187 000	-	187 000	187 000	-	-	-
Norway	-	94 760	-	94 760	94 760	-	-	-
Switzerland	-	84 314	-	84 314	84 314	-	-	-
Thailand	-	-	1 500	1 500	-	1 500	-	1 500
United States of America	50 000	150 000	-	200 000	200 000	-	-	-
Total	55 500	799 079	1 500	856 079	824 276	31 803	30 303	1 500
Trust Fund for Assistance to Colonial Countries and Peoples (Statement XI)								
Gabon	100 000	-	-	100 000	-	100 000	100 000	-
Sweden	1 190 476	380 670	-	1 571 146	1 571 146	-	-	-
Total	1 290 476	380 670	-	1 671 146	1 571 146	100 000	100 000	-
United Nations Trust Fund for Operational (OPEX) Personnel in Swaziland (Statement VII)								
Sweden	-	104 603	251 046	355 649	-	355 649	104 603	251 046
Total	-	104 603	251 046	355 649	-	355 649	104 603	251 046
United Nations Special Fund for Land-locked Developing Countries								
Brazil	-	-	10 000	10 000	10 000	-	-	-
Chad	-	-	4 132	4 132	-	4 132	-	4 132
Cyprus	-	-	251	251	-	251	-	251
Dominican Republic	-	-	1 000	1 000	-	1 000	-	1 000
Jordan	-	-	5 000	5 000	5 000	-	-	-
Libyan Arab Jamahiriya	-	-	50 000	50 000	-	50 000	-	50 000
Malawi	-	-	2 000	2 000	-	2 000	-	2 000
Philippines	-	-	2 500	2 500	-	2 500	-	2 500
Thailand	-	-	1 000	1 000	-	1 000	-	1 000
Togo	-	-	826	826	-	826	-	826
Zambia	-	-	38 462	38 462	-	38 462	-	38 462
Total	-	-	115 171	115 171	15 000	100 171	-	100 171
(Statement XIII)								

Schedule 18

UNITED NATIONS DEVELOPMENT PROGRAMME

Trust funds administered by UNDPInvestments as at 31 December 1977

(in United States dollars)

<u>Trust funds/type</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Amount</u>
<u>United Nations Capital Development Fund</u>			
Call accounts			
Savings accounts	United States dollars	a/	3 600 000
Time deposit accounts	United States dollars	5	266 659
	United States dollars	7 7/16	3 683 727
	"	7 3/8	2 500 000
	"	7 1/16	6 000 000
	"	6 1/2	9 000 000
	Dutch guilders	6 1/2	250 000
	United States dollars	6 3/16	1 000 000
	"	6 1/16	3 500 000
	"	5 13/16	2 000 000
	Dutch guilders	4 3/4	7 041 667
			<u>34 975 394</u>
Total		(Statement VIII)	38 842 053
<u>United Nations Revolving Fund for Natural Resources Exploration</u>			
Call accounts			
Savings accounts	United States dollars	6 1/8	900 000
Time deposit accounts	United States dollars	5	195 819
	United States dollars	7 9/16	3 500 000
	"	7 3/8	1 500 000
	"	7 1/4	1 000 000
	"	7 1/8	1 000 000
	"	6 11/16	1 000 000
	"	6 9/16	2 000 000
	"	6 7/16	1 000 000
	"	6 1/8	1 000 000
			<u>12 000 000</u>
Total		(Statement IX)	13 095 819
<u>United Nations Trust Fund for Sudano-Sahelian Activities</u>			
Call accounts			
	United States dollars	6 1/2	4 000 000
	"	a/	6 723 580
Savings accounts			10 723 580
Time deposit accounts	United States dollars	5	782 430
	United States dollars	7 1/8	5 000 000
	"	7	6 000 000
	Canadian dollars	7	695 454
	United States dollars	6 1/2	4 500 000
	"	6 9/100	4 000 000
			<u>20 195 454</u>
Total		(Statement X)	31 701 464
<u>United Nations Volunteers programme</u>			
Call accounts			
Savings accounts	Canadian dollars	7	92 233
Time deposit accounts	United States dollars	5	465 578
	United States dollars	7 1/8	453 440
	"	7	250 000
			<u>703 440</u>
Total		(Statement XI)	1 261 251

Schedule 18 (continued)

<u>Trust funds/type</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Amount</u>
<u>Trust Fund for Assistance to Colonial Countries and Peoples</u>			
Call accounts			
Savings accounts	United States dollars	a/	825 000
Time deposit accounts	United States dollars	5	45 857
	United States dollars	7	300 000
Total		(Statement VII)	1 170 857
<u>United Nations Trust Fund for Operational (OPEC) Personnel in Swaziland</u>			
Savings accounts	United States dollars	5	51 532
Total		(Statement XII)	51 532
<u>United Nations Trust Fund for Operational Programme in Lesotho</u>			
Savings accounts	United States dollars	5	169 977
Total		(Statement XII)	169 977
<u>Fund of the United Nations for the Development of West Irian</u>			
Savings accounts	United States dollars	5	8 826
Time deposit accounts	United States dollars	6 13/16	500 000
	Dutch guilders	4 1/2	83 333
			583 333
Total		(Statement XII)	592 159
<u>UNROB Residual Funds - Bangladesh</u>			
Savings accounts	United States dollars	5	20 760
Time deposit accounts	United States dollars	7 1/8	300 000
	"	7	300 000
			600 000
Total		(Statement XII)	620 760
<u>Trust Fund Programme for the Republic of Zaire</u>			
Savings accounts	United States dollars	5	128 014
Total		(Statement XII)	128 014
<u>United Nations Korean Reconstruction Agency - Residual assets</u>			
Savings accounts	United States dollars	5	16 984
Total		(Statement XII)	16 984

a/ Fluctuating interest rate.

REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by General Assembly resolution 74 (I) of 7 December 1946 and article 15.3 of the Financial Regulations and Rules of the United Nations Development Programme, the Board of Auditors has audited the accounts of UNDP for the year ended 31 December 1977.
2. The examination was made in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations and Specialized Agencies. The examination was conducted at UNDP headquarters in New York.
3. The audit identified strengths and weaknesses in the financial systems and those weaknesses found to exist in the systems have been reported to the Administration with appropriate recommendations for corrective action.
4. The Administration has initiated an in-depth "Integrated System Improvement Project" (ISIP) to design, develop, train staff and implement an integrated financial management system including uniform reporting practices from participating and executing agencies. This in-depth review and evaluation of the systems of financial management and control of UNDP has not, as yet, been completed, although the preliminary findings to date have been drawn to the attention of the Administrator. Our examination has taken into consideration the existence of this major project to improve the over-all financial control systems, and we have tempered our audit observations accordingly.
5. The Board has noted with appreciation the expeditious manner in which the Administrator has dealt with matters brought to his attention during the course of the audit and the efforts being made to improve upon internal control procedures in UNDP headquarters offices as well as in its 107 field offices around the world. A number of suggestions concerning financial statement presentation were discussed with the Administration, the majority of which were accepted and reflected in the 1977 financial statements. Our observations are intended to assist the Administrator in considering and implementing further improvements, and the following are the most significant matters arising from our 1977 audit examination. These matters have been discussed with the UNDP Administration, and, where applicable, their comments have been taken into account in this report.

Value of assets and liabilities

6. As in previous years, the continued accumulation of non-convertible currencies and the difficulty of using them for project expenditures, together with the number of receivables which are several years in arrears, and other items give cause for concern about the validity of the recorded value of certain assets and liabilities.

(a) Non-convertible currencies

The value of accumulated non-convertible currencies as at 31 December 1977 and 1976 was \$40.1 million and \$35.6 million, respectively. The balances of these currencies have increased substantially over the past two years. This unfavourable trend indicates that these currencies are not being used for project expenditures at an adequate rate. Despite efforts being made by the Administrator to reach an agreement with the donor countries as to the future utilization of these amounts, it is not clear that this will resolve the problem. If UNDP is to have sufficient cash flow to meet project expenditures, future contributions, to the extent possible, should be made in readily usable currency.

(b) Receivables in arrears

(i) Overdue contributions pledged by Governments totalled \$34.1 million at 31 December 1977, a reduction of \$2.7 million from the amount overdue at the end of the previous year. Included in this balance is \$5.7 million which is over three years in arrears. If UNDP is to manage its resources effectively and have sufficient cash flow to meet project expenditures, timely remittance of these outstanding balances is essential.

(ii) Deferred charges include approximately \$2.2 million of travel advances recorded in suspense accounts. We are pleased to note that the Administration is making efforts to identify whether the proper accounting treatment has been accorded these advances, and has scheduled a review of the procedures used by the travel section in order to institute proper controls. However, the value of these advances and the ultimate accounting for them is dependent upon their proper identification.

(c) Other items

(i) Contributions deposited directly into UNDP bank accounts by contributors and not clearly identified as to source or purpose are credited to suspense accounts which are classified as accounts payable at the year-end. This has been commented upon in our reports over the years and we are pleased to note that unidentified deposits held in suspense accounts have been reduced to \$2.9 million, a decrease of \$2.5 million in the year. However, the value of these deposits is dependent upon their proper identification.

(ii) UNDP field offices advance funds for a variety of reasons on behalf of participating and executing agencies. The Administration had not determined whether \$1.6 million, which is included in accounts receivable as at 31 December 1977, had been reported by the agencies. Until these items are reconciled it cannot be determined whether they have been properly reflected in the financial statements.

(iii) Amounts totalling approximately \$284,000 which are shown as cash in transit at 31 December 1977 have been outstanding for almost two years.

(iv) As has been reported previously, in view of the total assets which are represented by cash and bank balances, adequate control of cash

transactions and the reporting and reconciling of balances is essential. In the course of our audit we noted that:

- a. Bank reconciliations at 31 December 1977 included reconciling items totalling \$345,000 which had not been identified;
- b. Many field offices either submit no bank reconciliations or submit insufficient information to permit adequate review of bank reconciliations at Headquarters.

Because of these factors, it has not been possible to determine the proper value of these bank accounts which are recorded at a value of \$780,000 at 31 December 1977. We urge that immediate steps be taken to ensure the timely identification, review and follow-up of reconciling items without prejudice to the implementation of any recommendations emanating from the ISIP general study.

Agencies' statements

7. The financial statements of UNDP include amounts reported by the executing agencies. The Board of Auditors, as in the past, and with regard for the agreement between UNDP and the executing agencies and for UNDP financial regulation 15.2, has not audited these balances (which aggregate approximately 64 per cent of total UNDP programme expenditure) and has relied upon certificates provided to UNDP by the agencies' external auditors.

8. As auditors for the United Nations, we have conducted a detailed review of the various United Nations entities which are executing agencies for UNDP. In addition, special audit certificates have been received from the external auditors of most of the other principal executing agencies. Special audit certificates have not been received on behalf of four other executing agencies representing less than 1 per cent of total UNDP programme expenditures. Our opinion on the accounts is subject to any changes that may result from the audit of agencies for which audit certificates have not yet been received.

Internal audit function

9. The internal audit unit of UNDP, which also performs the audit of UNFPA, is not of sufficient strength considering the decentralized nature of UNDP, the delegation of financial and project authorities, the substantial amounts of monies involved and the status of the financial management and controls of the organization. We are pleased to note a positive reaction on the part of the Administration to upgrade the level of the internal audit function as it is a key element in any effective system of management control, and is particularly important in the case of UNDP.

Operational reserve

10. The Operational Reserve is established under regulation 11.3 of the Financial Regulations and Rules of UNDP "to guarantee under all circumstances the financial liquidity and integrity of the Programme, to compensate for uneven

cash inflows and to meet such other requirements as may be decided upon by the Governing Council".

11. During the twenty-third session of the Governing Council, held in January 1977, a schedule outlining instalments for progressive restoration of the Operational Reserve was approved as follows:

(millions of US dollars)

1977	15.0
1978	35.0
1979	50.0
1980	50.0

150.0

12. We are pleased to report that as at 1 January 1978, investments totalling \$50 million were earmarked and segregated for the Operational Reserve in accordance with this schedule.

Comments on matters dealt with in 1976 report

13. The Administration has either provided satisfactory explanations or taken appropriate action on the matters raised in the 1976 report other than those referred to in the preceding paragraphs.

Acknowledgement

14. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Administrator of the United Nations Development Programme, his officers and members of his staff.

(Signed) Ahenkora OSEI
Auditor General of Ghana

(Signed) J. J. MACDONELL
Auditor General of Canada

(Signed) A. MARTINEZ ZULETA
Controller General of Colombia

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