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OPERATIONAL ACTIVITIES FOR DEVELOPMENT:

OPERATIONAL ACTIVITIES OF THE UNITED
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Item 18 of the provisional
agenda**

OPERATIONAL ACTIVITIES FOR
DEVELOPMENT

Operational activities for development of the United Nations system

Note by the Secretary-General

1. In its resolution 35/81 of 5 December 1980, the General Assembly decided that it would undertake in 1983 a comprehensive policy review of operational activities for development of the United Nations system. The Assembly requested the Secretary-General to entrust the Director-General for Development and International Economic Co-operation with the preparation of a report, for submission to the General Assembly through the Economic and Social Council, to assist it in conducting such a review.
2. In response to this request, the report prepared by the Director-General is submitted herewith.
3. In its decision 1983/101 of 4 February 1983, the Economic and Social Council decided to hold the general discussion of the item entitled "Operational activities for development" in plenary meetings during its second regular session of 1983, focusing on the comprehensive policy review of operational activities throughout the United Nations system.

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** E/1983/100.

4. The General Assembly, in its resolutions 35/81, 36/199 of 17 December 1981 and 37/226 of 20 December 1982, requested the Director-General to include in the report information and recommendations on a number of specific issues pertaining to operational activities. The appendix of the report contains the specific reporting requirements pertaining to the report.

5. The General Assembly, in resolution 35/81, requested the Secretary-General to entrust to the Director-General the submission to the Assembly of an annual report containing comprehensive statistical information on the operational activities for development of the United Nations system. That information - which pertains to contributions and expenditures on operational activities for 1982 - is not currently available. The information will accordingly be contained in an addendum to the present report, to be issued for consideration by the General Assembly.

ANNEX

Comprehensive policy review of operational activities for development

Report of the Director-General for Development and International
Economic Co-operation

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Explanatory notes

The expression "United Nations funds and programmes" used in the text refers to the funds and programmes explicitly listed by the General Assembly for participation in the annual United Nations Pledging Conference for Development Activities.

The designations employed and the presentation of the material in this report do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The term "country" as used in the text of this report also refers, as appropriate, to territories or areas.

References to dollars (\$) are to United States dollars unless otherwise stated.

A full stop is used to indicate decimals.

Three dots (...) indicate that data are not available or are not separately reported.

A hyphen indicates that the item is not applicable.

A minus sign (-) before a figure indicates a decrease.

Parentheses () indicate a deficit or decrease, except as otherwise indicated.

The following abbreviations have been used in the text and in the tables:

ACC	Administrative Committee on Co-ordination
DAC	Development Assistance Committee of the Organization for Economic Co-operation and Development
ECA	Economic Commission for Africa
ECLA	Economic Commission for Latin America
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross domestic product
GNP	Gross national product
IDA	International Development Association
IFAD	International Fund for Agricultural Development

IFC	International Finance Corporation
ILO	International Labour Organisation
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme

I. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. The present report of the Director-General is submitted to assist the Economic and Social Council and the General Assembly in conducting in 1983 a comprehensive policy review of operational activities for development of the United Nations system. The report has been prepared after consultation with the organizations of the system.

2. Operational activities for development comprise the programmes of UNDP, UNICEF, UNFPA and other funds and programmes covered by the annual United Nations Pledging Conference for Development Activities; the technical co-operation and related operational activities of the specialized agencies and other organizations of the system; and the food aid provided by WFP. Such multilateral co-operation allows for a distribution of resources that meets the requirements of equity and distributive justice; an allocation at the country level of those resources to development priorities that reflect the expressed needs of the recipient countries; the carrying out of programmes supported by the technical capacity of organizations of the system in areas that, by their nature, would be left otherwise unattended; and a network of field offices providing a development service to host Governments and participating organizations. The polycentric United Nations system, which reflects the diversity and the specialization of organizations, allows for a flexible response to the range and variety of requirements of the developing countries (paras. 22-27).

3. The total expenditures of the organizations of the system in support of these activities, which reached the level of \$2.3 billion in 1981, have grown rapidly in recent years. Forty per cent of operational activities take place in the least developed countries. Nearly 50 per cent is allocated to three sectors - agriculture, health and population. About 20 per cent is allocated to regional, interregional and global programmes, a specific vocation of the United Nations system. Activities are also increasingly concentrated in regions in which there are a large number of low-income countries (paras. 40-45).

4. There are difficulties in making a general assessment of the overall impact and effectiveness of the system's operational activities, in part because of their nature, wide scope and comprehensive coverage, and in part because of the constraints in determining what proportions of development successes may be attributed to the contributions of the system. Programmes and projects undertaken by organizations of the system are, more often than not, reasonably successful and responsive to the needs of the recipient countries. However, further improvements are possible in a system as comprehensive and complex as that of the United Nations - and many are under way. Constant efforts are being made to ensure that the system remains responsive to the needs of the developing countries (paras. 46 and 47).

5. In this context, the following issues are addressed in the present report:

- (a) Priority areas requiring special attention (sect. B);

(b) Mobilization of resources (sect. IV);

(c) Quality and cost-effectiveness of operational programmes (sect. V).

Priority areas requiring special attention

6. The priority areas that require special attention are as follows:

(a) There is need to adapt modalities for technical co-operation to the growing capabilities of the developing countries and the availability of qualified national personnel, particularly through arrangements that facilitate an effective transfer of know-how and skills in specific and well-defined situations. This might include, for example, greater recourse to specialized short-term consultants, more effective training programmes and the fuller participation of national staff in operational activities (paras. 49 and 108-120);

(b) In adapting its assistance to the differing levels of development of developing countries, the system should:

- (i) Increase its support to the development efforts of the least developed countries, in accordance with the Substantial New Programme of Action for the 1980s for the Least Developed Countries (paras. 52-55);
- (ii) Help in mobilizing urgently needed additional resources to support the development programmes of the countries of sub-Saharan Africa endeavouring to overcome critical economic and social problems (para. 56);
- (iii) Continue to contribute to the development programmes of the medium- and high-income developing countries, in keeping with the universal character of the United Nations, by, for example, the provision of sophisticated technology in specific fields and by sharing the financial costs of such participation (para. 51);

(c) South-South co-operation is a major objective of the developing countries to which the system's operational activities should make a greater contribution than hitherto by assisting countries, at their request, in furthering such co-operation through the development and implementation of programmes and projects (paras. 57-59);

(d) Linkages among operational activities supported by the organizations of the system can be further enhanced through collaboration among the funding organizations and other organizations in specific sectors in support of national development programmes (paras. 60-62);

(e) The complementarity of capital assistance and technical co-operation can also be enhanced in the system's operational activities by ensuring better combinations of capital and technical components in programmes and projects and closer collaboration among technical assistance agencies, other organizations of the system and multilateral development banks (paras. 63 and 64);

(f) Some progress has been made in filling certain gaps in operational activities relevant to the restructuring of the international economy in order to render it more supportive of the development process (paras. 65 and 66).

Mobilization of resources for operational activities

7. Present indications suggest that the period of rapid growth in contributions for operational activities has come to an end for reasons associated in part with the prolonged recession in the major contributing countries and in part with constraints on the growth of public expenditure programmes and of the aid components thereof (paras. 68, 69, 73 and 74).

8. The diversification of funding sources for multilateral technical co-operation has continued, marked by (a) the emergence of a number of new modalities for the financing of technical co-operation within specialized agencies and other organizations of the system; (b) the growth of cost-sharing and similar arrangements whereby developing countries are increasingly financing operational activities from their own resources; and (c) the growth in expenditures on technical co-operation financed through the operations of the World Bank (paras. 75-77).

9. In the light of these trends, three areas are identified for consideration. The first concerns the quantum of resources, that is, the mobilization of sufficient resources for all the operational activities of the system. The attainment of the targets or desirable funding levels for UNDP, UNICEF, UNFPA and for WFP established by the competent intergovernmental bodies imply an annual average increase in current prices in voluntary contributions of 13 per cent over 1981 levels, a rate that is broadly consistent with overall growth in the past decade. A minimum objective should be to ensure that these and other operational programmes are able to maintain their field activities, at least in real terms (paras. 81 and 82). Accordingly:

(a) The central funding and co-ordinating role of UNDP in the field of technical co-operation within the United Nations system was reaffirmed by the Economic and Social Council in its resolution 1981/59 of 22 July 1981. UNDP seeks to ensure the equitable distribution of resources among the developing countries and, through a process of country programming, the allocation of funds to sectors and priorities that reflect host Government objectives. With the agreement of the Government concerned, country programming may also provide a framework for the programming of resources from elsewhere in the system. These roles can only be maintained if UNDP has sufficient resources at its disposal. Therefore, Member States are strongly urged to support fully the conclusions and recommendations of the Intersessional Committee of the Whole of the UNDP Governing Council, whereby Governments are called upon to maintain as a minimum objective the real value of year-to-year contributions to UNDP and to make additional and supplementary contributions to overcome the present shortfall in its resources (paras. 83-85);

(b) The new modalities available within organizations for the financing of technical co-operation provide a flexible mechanism to donors and recipients alike to channel resources for development through the United Nations system. However,

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it would be desirable for the organizations of the system to reach a common understanding of the criteria to be followed for the mobilization of such resources (para. 86) .

10. Secondly, the report addresses the difficulties in mobilizing resources on a more predictable and assured basis. For the short term, consideration should be given to the adoption of desirable (in relation to needs) and attainable targets for resource mobilization, the greater involvement of members of governing bodies in resource mobilization efforts, and the more effective use of the mechanism offered by annual pledging conferences for consultations among contributors and organizations. Such consultations may, *inter alia*, help in ensuring a better distribution of the sharing of the costs of financing operational activities. For the medium term, consideration should be given to the introduction of more formal arrangements, such as multi-year pledging or negotiated replenishments (paras. 95-99) .

11. Thirdly, attention is drawn in the report to the positive aspects of the new modalities for financing technical co-operation which provide flexibility to both donors and recipients in addressing specific development problems and in improving the responsiveness of the system to the particular requirements of the developing countries. There is a need, however, to address such issues as the growing trend towards the provision of contributions tied to the procurement of goods and services in the donor country. The dangers of such tying appear to be recognized by those concerned, yet there seem to be pressures towards greater rather than less tying. In these circumstances, it is recommended that the contributions made to special purpose funds and programmes be consistent with the principles of multilateralism and remain a proportion of general purpose contributions to the same organizations or to the system as a whole. Overall, the system's operational activities should be promoted in a manner that conforms to the principles of equity and justice on the one hand, and that responds to the expressed desires of the recipient countries on the other. These understandings could be reflected in commonly agreed criteria to be followed for the mobilization of resources for operational activities with a view to maintaining a degree of uniformity in approach among the organizations of the system (paras. 100-104) .

Quality and cost-effectiveness of operational programmes

12. Section V of the present report contains a review of three subjects that warrant attention by Member States: the quality of operational programmes; the evaluation of the effectiveness and the efficiency of operational activities; and the pursuit of coherent action at the country level. It is noted in the report that the efficiency and the effectiveness of operational activities are, to a considerable extent, determined by the willingness and capacity of the recipient countries to undertake the necessary measures to clearly delineate national priorities, promote co-ordination within national administrations and establish procedures to assess and evaluate the usefulness of such activities for their development. These responsibilities are shared with the organizations of the system: it therefore follows that both Governments and organizations are responsible for making any necessary improvements to the way in which operational activities are planned and carried out (paras. 105-107) .

13. The basic policies for the technical co-operation activities of the system have been established by the governing bodies. Attention should be focused in particular on the ways and means to implement these policies. Of particular concern is the need for the appropriate adaptation of the system to the growing capabilities of developing countries and to the increasing trend towards the use of short-term consultants rather than long-term resident experts. Options include greater recourse to alternative sources for qualified expertise, greater use of the twinning of institutions, and streamlined recruitment procedures. Measures are also under way to ensure the effective participation of national staff in the design and implementation of projects as a key to the success of technical co-operation (paras. 108-124).

14. Progress continues to be made with respect to the further strengthening of evaluation systems within organizations. Recent developments of note include the reports prepared by the JIU on co-operation by the United Nations system in developing the evaluation capabilities of Governments and on strengthening the evaluation system of UNDP; the decision to establish a central evaluation unit in UNDP; and the ACC decisions to improve the monitoring and evaluation of operational activities at the country level. In the meantime, it is recommended that organizations should continue to strengthen their evaluation systems, in accordance with the many proposals contained in recent reports on evaluation (paras. 125-129).

15. The achievement of optimal efficiency is particularly acute at the present time, given the growing scarcity of resources and the urgent necessity to ensure quality programmes that achieve desired results at a minimal cost. Efficiency cannot be judged solely in terms of costs alone, since it requires consideration of the nature and results of activities. There is also no acceptable norm against which valid and objective judgements may be made. Suggestions that the United Nations system is inefficient have seldom been backed by tangible and objective evidence; however, in a system as complex as that of the United Nations, there must always be room for improvement and greater efficiency. It should also be recalled that the system has a built-in capacity to deliver a much larger programme than at present, at little additional cost; therefore, additional resources can be channelled through the system to the developing countries at short notice (paras. 130-140).

16. The assessment of efficiency is bedevilled by the absence of firm and reliable data on costs, in spite of the numerous efforts made to throw light on the issue. An analysis of the relationship between programme delivery and administrative costs in operational activities - which, in any event, would require agreement as to the volume of programme delivery or outlay against which administrative costs should be measured, as well as consideration of other conceptual and methodological issues - should become more feasible when the ex post facto reporting system on agency support costs comes into full effect in 1984. Progress should therefore continue to be made towards providing clearer information on administrative and support costs (paras. 132-137).

17. The test of the system's relevance in meeting the specific needs of the recipient countries can best be made at the country level. Coherence of action of the system's operational activities is not an objective per se: rather, it should

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be promoted to the limit determined by the complementarity of activities. It serves a useful purpose in improving the responsiveness of the system to the changing needs of the developing countries, increasing its efficiency, and facilitating the exercise by Governments of their own co-ordination arrangements (paras. 141-146).

18. There are three main areas in which the system is improving its coherence of action at the country level:

(a) ACC has decided to take a number of measures to improve the complementarity and coherence of programmes and projects at the country level, with particular reference to assisting developing countries, at their request, to enhance their central and sectoral planning, programming and project implementation capacity (para. 148);

(b) ACC has also reviewed the functions of the resident co-ordinators and has concluded that the system has been in place for too brief a period to permit a firm judgement regarding the new arrangements for inter-agency co-operation at the country level. It noted the satisfaction expressed by a number of Governments with these arrangements which it feels should be allowed to develop in a flexible and pragmatic manner (paras. 149-151);

(c) The round-tables of UNDP and the consultative group meetings of the World Bank are important mechanisms in facilitating the co-ordination of total external assistance at the country level on a more predictable basis. Since they contribute to better coherence of action of the system's activities, they should be further developed in a pragmatic manner, according to the interests of each particular country (para. 152).

Intergovernmental reviews of operational activities

19. The General Assembly has, over the past few years, decided to conduct a triennial policy review of operational activities, beginning in 1983; requested the Director-General for Development and International Economic Co-operation to provide the necessary information to enable the Assembly to conduct a regular review and appraisal of resource mobilization; and requested the Director-General to provide annually comprehensive statistical information on operational activities. In the light of these decisions, it is suggested that the Economic and Social Council and the General Assembly may wish to see how best the Assembly may carry out its overview responsibilities for the system's operational activities, in close conjunction with the exercise by other intergovernmental bodies of reviews of their activities. Further improvements may be made to the coverage of statistical reporting on operational activities and on overall flows of technical co-operation. An *ad hoc* high-level consultation among senior government officials to examine the responsiveness of the system's operational activities to the changing needs of the developing countries could be organized in relation to the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade (paras. 153-159).

II. FRAMEWORK OF THE REPORT

20. In preparing the present report, the Director-General has been guided by the terms of General Assembly resolution 35/81, of 5 December 1980, and of resolutions 36/199 of 17 December 1981 and 37/226 of 20 December 1982, adopted in the light of the Assembly's consideration of previous reports of the Director-General on operational activities. The Director-General has also been guided by the views expressed by Member States during the debates on operational activities at recent sessions of the General Assembly and the Economic and Social Council.

21. The present report was prepared after consultation with the ACC Consultative Committee on Substantive Questions (Operational Activities) which reviewed a working paper enumerating the main policy issues that appeared to warrant consideration in the report. The report takes into account the information provided by executive heads on the specific action taken by governing bodies in response to General Assembly resolutions 35/81 and 36/199, and the recent discussions and decisions of ACC regarding the evolution of operational activities. The preparation of the report has benefited from the closely related work under way in ACC and, more particularly, the work of its Committee on Substantive Questions (Operational Activity) in response to ACC decisions to keep under permanent review issues pertaining to operational activities. The Director-General consulted members of ACC on a draft of the report and has taken into account the views expressed thereon. Nevertheless, the Director-General assumes full responsibility for the contents of the report.

22. Operational activities for development comprise the programmes of UNDP, UNICEF, UNFPA and the other funds and programmes covered by the annual United Nations Pledging Conference for Development Activities; the technical co-operation and related operational activities of the specialized agencies and other organizations of the system; and the food aid provided by WFP. In this context, technical co-operation has been, and is likely to remain, one of the major contributing elements of operational activities. The activities of other organizations of the system engaged in development co-operation, such as the World Bank and IFAD, are also considered in the present report in so far as they relate to operational activities.

23. It should be noted that operational activities for development are distinct from the activities of the organization of the system of a relief, humanitarian and emergency character, for which the purpose is immediate sustenance. They should also be distinguished from the constitutional responsibilities of the organizations of the system, encompassing such matters as global standard-setting, the conduct of intergovernmental negotiations, overall policy-making, research and analysis and data collection. These distinctions should not, however, be regarded as rigid and inflexible. The follow-up to emergency relief often involves action to promote rehabilitation and reconstruction that has implications for the development process. There is also a need to strengthen links between the analysis and research functions of organizations and the operational activities supported by the same organizations in order to bring policy and practice closer together.

24. Multilateral operational activities reflect the discharge by the international community of its collective responsibility in pursuance of the pledge made in the Charter of the United Nations to seek international co-operation to solve economic and social problems. Embodying a noteworthy political equilibrium, these activities are designed to respond solely to the needs and requirements of the developing countries, while being at the same time governed by a political consensus that respects the views and concerns of all Member States. They aim to operate in an environment that is free from possible political or economic interference of individual donors and they associate all recipient countries fully in the process of resource allocation.

25. Two other points deserve to be made regarding the institutional character of the operational activities carried out in the polycentric system of the United Nations. Firstly, the consideration of operational activities by the General Assembly should be based on an understanding of the respective responsibilities of the Assembly and of the governing bodies of the organizations of the system. The Assembly has the responsibility, in the exercise of its powers under the Charter and in accordance with paragraph 1 of the annex to its resolution 32/197 of 20 December 1977, to establish overall strategies, policies and priorities for the system as a whole in respect of operational activities for development, taking into account the views and concerns of the various organizations involved. The governing bodies of organizations, in the exercise of their specific decision-making responsibilities, would then undertake the necessary action on matters coming within their respective purviews. In carrying out these respective responsibilities, intergovernmental bodies, with the support of secretariats, should endeavour to promote common approaches and co-ordinated action and demonstrate a commitment to common objectives.

26. Secondly, the degree to which the Assembly may exercise its broad authority under the Charter is partly affected by the measures adopted by Member States at the national level to enable a concerted policy to be pursued in the organizations of the system. While national practice has varied on this point, it is the commonly held view that co-ordination of national action with respect to the policies to be followed in the differing governing bodies of the system is of paramount importance and that without it, other measures have little value. Action by Member States to that end would have beneficial results in terms of the functioning of the system as a whole.

27. The main elements of the specificity of multilateral operational activities of the United Nations system that are further elaborated in subsequent sections of the report may be summarized as follows:

(a) A distribution of overall resources that meets the requirements of equity and distributive justice;

(b) An allocation at the country level to development priorities that reflects the expressed needs of the recipient countries;

(c) A partnership among all Member States - developing and developed - to provide broad policy guidance on operational activities;

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(d) The carrying out of programmes supported by the technical capacity of the organizations and nurtured by their institutional memory;

(e) A vocation for engaging in important development co-operation activities that, by their nature, would be left otherwise unattended;

(f) A network of field offices that provides a development service to both host Governments and participating organizations;

(g) A polycentric system in which there is diversity in the scope and size of organizations and in their activities, and which permits a flexible response to the range and variety of requirements of the developing countries.

* * *

Structure and content of the report

28. The report contains four sections in addition to the summary of conclusions and recommendations and the present chapter. Section III contains a review of the evolution of operational activities and, in its two subsections, deals with the characteristics of operational activities and the identification of priority areas requiring special attention. In section IV, the issue of additional resources for development is addressed; the section also contains two subsections - in subsection A, recent trends in contributions are reviewed and subsection B contains highlights of a number of issues requiring particular consideration. In section V, which is divided into three subsections, the question of the quality and cost-effectiveness of operational activities is considered. In section V.A the question of improved quality is considered; in subsection B the progress made in introducing evaluation systems and the relationship between costs and delivery are reviewed; and in subsection C, issues relating to coherence of action at the country level are discussed. In section VI, existing arrangements for the intergovernmental reviews of operational activities are recalled and some suggestions made in that context. The relevant provisions of General Assembly resolutions 35/81, 36/199 and 37/226 regarding the specific reporting requirements pertaining to the present report are reproduced in the appendix.

29. Pursuant to General Assembly resolution 35/81, comprehensive statistical information on operational activities was provided in the 1981 and 1982 annual reports of the Director-General (A/36/478 and Corr.1, annex, and A/37/445 and Add.1, annex, respectively). In accordance with the practice established in the annual reports, an addendum to the present report containing the most recent statistical data will be issued for consideration by the General Assembly. 1/

III. EVOLUTION OF OPERATIONAL ACTIVITIES

30. The objective of the United Nations system in carrying out operational activities for development is to support the developing countries in their efforts to promote their own economic and social growth. Since the primary responsibility for development rests with these countries themselves, the United Nations system is there, along with bilateral donors and other development partners, to assist Governments in the actions they undertake and not to substitute for such actions.

31. Organizations of the system therefore have the responsibility to adapt their operations, within their areas of competence, to requirements concerning the type of assistance that they are asked to provide. This assistance necessarily varies from country to country and with the passage of time.

32. Considering the wide variety of activities undertaken by organizations of the system in all economic and social fields and in countries that have attained different levels of development, there may be a danger of over-generalization in presenting findings on the overall extent to which the United Nations system responds to development needs. However, in order to anticipate future requirements and to maintain the necessary flexibility of the system in responding to specific requests, it is necessary to make an overall review of operational activities and to identify the areas that require specific attention.

A. Operational activities in support of development needs

33. The policy-making bodies of the United Nations at the global and regional levels and the governing bodies of the specialized agencies have provided guidelines and strategies for the implementation of national and international programmes. International strategies, such as the Declaration and Programme of Action on the Establishment of the New International Economic Order ^{2/} or the International Development Strategies for the Second and Third United Nations Development Decades, ^{3/} provide a collective perception of development, formulate the overall objectives to be attained and describe the international and national measures that are necessary for development.

34. United Nations conferences on selected economic and social development themes have led to the adoption of international plans or programmes which set out the action to be undertaken at the national, regional and global levels. Such plans and programmes represent bench-marks that are to be taken into account by Governments when deciding on their options at the national level and on their requests for assistance from the system. Special programmes in specific fields, such as the Transport and Communications Decade in Africa (1978-1988) or the follow-up to the world Conference on Agrarian Reform and Rural Development, influence equally the organizations of the system and the developing countries in their actions in the field of operational activities. Similarly, strategies such as the Global Strategy for Health for All by the Year 2000, ^{4/} Agriculture: Toward 2000, ^{5/} and the World Population Plan of Action ^{6/} contribute significantly to an analysis of the overall situation, help the developing countries to articulate

their national development strategies, and establish international policies and measures for development co-operation. Experience has also demonstrated that, in many instances, the designation of international years or decades on specific subjects helps to focus attention on particular development issues and provides a useful framework for the co-ordination of operational activities.

35. Policies and strategies agreed upon by the community of nations through the United Nations system have also resulted in common action between bilateral and multilateral agencies in specific fields. Operational activities of the United Nations system have often provided the main vehicle for the translation of internationally agreed action programmes into concrete reality at the country and regional levels. For example, the Food Security Assistance Scheme of FAO maintains a consultative structure with bilateral donors and assists in the co-ordination and, where necessary, the implementation of activities in this area at the country level. Another example is the recent initiative taken by several organizations regarding the International Drinking Water Supply and Sanitation Decade that has permitted the launching of activities responding to a priority concern of Governments as expressed in international forums. The Asian Regional Programme of Educational Innovation for Development, with contributions from UNDP, the UNESCO regular budget and the recipient countries themselves, brings together a network of national centres, by means of technical co-operation among developing countries, to develop, test and apply new educational techniques. Further opportunities for collaborative action may be provided by some of the themes of the most recent annual report of UNICEF on the state of the world's children. 7/ The close working relationship between UNFPA, the Population Division of the Department of International Economic and Social Affairs of the United Nations Secretariat and WHO have helped to ensure a substantial input of research findings from the World Fertility Survey and from the WHO Special Programme of Research, Development and Research Training in Human Reproduction into approaches to technical co-operation activities in the population sector at the field level.

36. The United Nations system has continually emphasized over the years the importance of strengthening the interaction between the normative, advisory and standard-setting functions of organizations and the operational activities supported by the same organizations. On the one hand, the international community has established internationally agreed policies and objectives and, in some areas, standards for development. On the other hand, through technical backstopping of projects and other means, operational experience at the national level has been used in search of solutions to problems of development and subsequently has been applied in similar circumstances in other developing countries. The link between standard-setting and operational activities has always been a particular feature of the ILO World Employment Programme; for example, in the public works programme supported by UNDP and a number of bilateral donors. UNICEF has, for its part, devised alternative programme approaches in different socio-economic situations in order to reflect changing perceptions of development.

1. Technical co-operation as the main characteristic
of operational activities

37. The main contribution of technical co-operation to accelerated growth and development lies in its capacity to help countries to develop their human resource potential and to improve the efficiency of the use of available financial and material resources. Technical co-operation can thus help to improve the relatively low return of capital by enhancing such non-capital sources of growth as human resource development and by improving the structure and utilization of productive resources in general. This is of particular importance at a time when capital for development, whether public or private, is now less readily available than in the past. Quite apart from improving overall efficiency, technical co-operation often is also a specific and essential complement to investment financing. Recent increased recognition of the central role of technical co-operation is reflected in the rapidly growing share of the lending operations of the World Bank and other multilateral development banks that is earmarked for the development of institutions and of human skills. Technical co-operation forms an equally important part of the bilateral aid programmes of the member countries of OECD, CMEA and other donor groups. Total publicly financed flows of technical co-operation from all sources have been established at \$8-10 billion, an illustration of their significance in supporting the development process.

38. For the United Nations, the major tool used to respond to requests for assistance in the field of operational activities has been technical co-operation. 8/ Member States created UNDP and consolidated its operations through the consensus of 1970, 9/ in order to better organize and finance multilateral technical co-operation. With the objective of assisting developing countries to attain self-reliance, particularly through enhancing their capacity for autonomous decision-making, technical co-operation encompasses all spheres of development activity, such as the development of human resources, the strengthening of institutional capabilities, the examination of the feasibility of investment, the exploration of natural resources, the improvement of the data base, the facilitation of the transfer and adaptation of indigenous technologies and the support of inter-country co-operation. These objectives are realized by means of thousands of projects, based on government priorities, funded mainly by UNDP and carried out in partnership with Governments of the concerned specialized agencies and other organizations of the system. 10/

39. The important role of technical co-operation that was recognized, for example, in the International Development Strategy for the Third United Nations Development Decade, may be contrasted with the fact that ODA resources for such co-operation have remained relatively modest when compared to the flow of capital resources in recent years. There is need, therefore, to channel a greater proportion of future resource flows into technical co-operation. The qualitative value of multilateral technical co-operation lies in its capacity to make available to recipient countries the skills, knowledge and technology necessary for development, together with the technical experience and catalytic support of the agencies acquired through the normative and research functions built up over nearly four decades. Programmes evolved over many years and aimed at the development of human skills, knowledge and

institutions, without which development cannot take place, are threatened by current resource shortfalls, thus placing in jeopardy the *raison d'être* of multilateral technical co-operation.

2. An overview of activities

40. Technical co-operation and other operational activities for development carried out by the system have increased rapidly in recent years. Ten years ago, the assistance provided by the system in the field of operational activities totalled \$650 million. In 1978, it reached \$1.6 billion in current dollars, an increase in real terms of about 40 per cent over 1973. There was, thereafter, a levelling off in the rate of growth of operational programmes, since the expenditures for 1981, totalling \$2.2 billion, were only 14 per cent higher in real terms as compared to 1978. Data for 1982 and the forecast for 1983 suggest a further drop in the rate of growth of expenditures, reflecting in turn the decline in the rate of growth of contributions from 1979 onwards. The United Nations system currently carries out operational programmes in about 150 countries and territories, and the number of ongoing projects financed partly or wholly by the system is well above 5,000. More than 30 United Nations agencies, bodies or organizations are engaged in operational activities.

Table 1. Expenditure on operational activities for development, 1973-1981 a/

(Millions of dollars)

	1973	1978	1981
Total			
Current	650	1 419	2 158
Constant 1973 dollars <u>b/</u>	(650)	(895)	(1 115)

a/ Excluding expenditures on emergency and relief operations, as well as cost-sharing and self-supporting operations (see A/37/445, annex, table B-1).

b/ Using the OECD/DAC/ODA deflator.

41. The multilateral co-operation of the United Nations system is well suited to a variety of much needed forms of subregional, regional and interregional co-operation among developing countries in support of activities that cannot be undertaken on a national basis. The system has, therefore, allocated about one fifth of its resources to support these types of activities. Projects such as the development of the Senegal River Basin (Department of Technical Co-operation for Development of the United Nations Secretariat, FAO and the Office for Projects Execution of UNDP), the improvement of telecommunications in the South Pacific (UNDP and ITU), the preservation of the cultural heritage in the Andean region

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(UNDP and UNESCO), the testing of appropriate technology in the rural sectors of the least developed Arab countries (UNDP and ILO) and the rationalization of transport arrangements in the southern cone of Latin America (supported by ECLA) are vivid illustrations of the capacity of the United Nations system to promote inter-country co-operation. Interregional and global activities focus on problems that are common to many developing countries. Through the leadership of UNDP, in partnership with organizations of the system and bilateral aid programmes and in collaboration with institutions in developing and developed countries, significant global and interregional programmes have been developed to respond to the needs of countries in such areas as health, agricultural research, energy, and water and sanitation, the results of which are supportive of national programmes. A particular feature of the inter-country programmes supported by the organizations of the system is their multiplier effect: a relatively small contribution from the United Nations is often matched many times over by complementary funds from domestic and a wide variety of external sources.

42. A significant shift has taken place over the past decade in the geographical direction of operational activities. As shown in table 2 below, activities are concentrated in regions in which there are the greatest number of low-income countries and in which, accordingly, the need for concessional resources is foremost. By ensuring the participation of all developing countries in co-operation programmes, the system abides by the principle of universality on which the United Nations is based. By focusing attention on the particular problems of the countries most in need, the United Nations abides by the principles of justice and equity on which it was also founded. None the less, in the more developed regions, there is merit in retaining financial and technical support for operational activities in those sectors considered to be of priority, since these activities offer a high yield in terms of the technology and know-how that is readily transferable and of immediate interest to the developing countries of other regions.

Table 2. Regional distribution of operational activities, 1978-1981 a/
(Millions of dollars)

	1978		1981	
	Total country and regional programmes	Distribution (percentage)	Total country and regional programmes	Distribution (percentage)
Africa	456	33.1	849	44.7
Americas	177	12.8	194	10.2
Arab States	195	14.1	110	5.7
Asia and Pacific	502	36.4	705	37.2
Europe	50	3.6	42	2.2
Total	1 380	100.0	1 900	100.0

Source: A/35/224 and Corr. 1, annex, table 2; A/37/445, annex, table B-2.

a/ Excluding expenditures for interregional and global programmes, cost-sharing or self-supporting operations, and emergency and relief operations.

43. Sixty per cent of the system's operational activities take place in the fields of agriculture, health, population, industry, and transport and communications. While the relative shares have remained relatively constant over the years, one notable change has been the increasing share assigned to natural resources, including energy.

Table 3. Sectoral distribution of expenditures on operational activities, 1973-1976 and 1979-1981 a/

	Share (percentage)	
	1973-1976	1979-1981
Agriculture	19.7	19.8
Health	18.2	16.6
Population	9.9	10.8
Industry	9.1	7.5
General development <u>b/</u>	8.4	7.8
Transport and communications	8.2	8.8
Education	5.4	5.4
Science and technology	3.7	3.4
Natural resources, including energy	3.5	9.1
Employment	3.4	5.0
Other	10.5	5.8
Total	100.0	100.0
Total sectoral expenditures (average)	\$612.9 million	\$1 291.8 million

Sources: Reports of the Administrator of UNDP on regular and extrabudgetary programmes of technical assistance financed by other than UNDP sources; annual reports of the Administrator of UNDP, various years.

a/ Excluding the activities of UNICEF and WFP, and refugee and humanitarian activities.

b/ Including planning, public administration and finance, and statistics.

44. An important characteristic of the system's operational activities relates to the disbursement rate achieved by organizations in the implementation of their projects and programmes. The length of time between commitments and disbursements is considerably shorter for the technical co-operation activities of the system than for, say, the multilateral financial institutions. Contributions from donor countries are, therefore, not left idle for unduly long periods.

45. Finally, the food aid provided by WFP has increased over the years to an annual level of about \$0.6 billion, with some \$0.8 billion of commitments for both development projects and emergency operations in 1982. Food aid is often additional to other forms of development assistance. It can help promote food production, create employment opportunities in labour surplus countries and, when married with complementary technical assistance and financial backstopping, produce effective development projects with widespread economic benefit. For example, labour-intensive watershed management, forestry, soil conservation, irrigation, dairy development and basic grain production projects are making important contributions to food production and agricultural development in many countries.

46. An overview of the operational activities of the system would indeed be incomplete unless reference were made to the qualitative aspects of such activities. There are formidable difficulties involved in making a general assessment of the overall impact and effectiveness of the system's operational activities, in part because of their nature, wide scope and comprehensive coverage, and in part because of the constraints in determining what proportion of development successes may be attributed to the contributions of the system. The impact of technical co-operation projects is particularly difficult to measure, especially when factors external to the project intervene, such as the overall economic situation of the country concerned and political circumstances.

47. The World Bank study, IDA in Retrospect, 11/ presents a convincing picture of successful development in action. The report of the Administrator of UNDP for 1982 12/ provides a welcome overview of the contribution of external assistance to development and of the effective contribution of technical co-operation in that process. According to an evaluation of technical co-operation activities in one country, "the contribution of the United Nations system to Sri Lanka's development efforts has been largely positive, despite some disappointing results. ... There is little doubt that if technical co-operation with the United Nations system had not been available to Sri Lanka, its development would have been slower, even though in monetary terms United Nations system technical co-operation is small". 13/ Programmes and projects undertaken by organizations of the system are, more often than not, successful and responsive to development needs, even allowing for occasional failures. Current reviews of concessional development finance have concluded that aid, on balance, has been effectively used. However, further improvements are possible in a system as comprehensive and as complex as that of the United Nations - and many are under way. Constant efforts are being made to ensure that the system remains responsive to the needs of the developing countries.

B. Priority areas requiring special attention

48. It is incumbent upon the organizations of the United Nations system to review continually the relevance of their programmes in order to introduce any necessary modifications or innovations in response to new needs. This, in turn, may require appropriate changes, both within and among sectors of operational activities. Six broad areas may be identified for special attention: the changing requirements for technical co-operation; the need for adapting assistance to levels of development; the promotion of South-South co-operation; the need for better linkages among operational activities, and between such activities and other external input, in accordance with the objectives and priorities of the recipient countries; the complementarity of capital assistance and technical co-operation; and the filling of gaps in operational activities.

1. Changing requirements for technical co-operation

49. In the future, countries will require, in some cases, a different type of technical co-operation than that presently available. Technical co-operation implies the transfer of the know-how and knowledge that will enable the recipient country to benefit from the assistance it receives. Hitherto, the most effective means to transfer knowledge through technical co-operation was the assignment of experts to the field for long periods of time. However, as a result of development successes and past accomplishments of the system, the growing sophistication of specific requests for technical co-operation calls for specialist skills that organizations cannot possibly possess on a permanent basis. Developing countries now have trained nationals who are capable of implementing projects designed by organizations of the system, provided that, at critical periods, they receive technical advice, support and guidance from the organizations concerned. Finally, the cost of the traditional kind of expert can become prohibitive. There may, therefore, be a need, in certain cases, to replace the traditional form of technical co-operation by new arrangements that are better adapted to the transfer of know-how and skills in specific and well-defined situations. Possibilities in this respect are considered in section A of section V below.

2. Adapting assistance to levels of development

50. The United Nations system has the responsibility to support, to the best of its ability, development efforts in all developing countries. This responsibility requires the system to adapt its assistance to meet specific needs corresponding to specific levels of development.

51. Even if the system should, as a rule, concentrate its operational activities in the least developed and other low-income countries, it should also continue to participate in the development programmes of medium- and high-income developing countries, in keeping with the universal character of the United Nations. By carefully planned action, the system should be in a position to bring to the country concerned, for example, sophisticated technology in specific fields of activity. Such participation can be brought about through a variety of means,

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including, as circumstances warrant, the attainment of a net contributor status in respect of particular funds or programmes and the further development of cost-sharing and similar arrangements whereby middle- and upper-income developing countries are increasingly availing themselves at cost of the technical services available in the system. Finally, and considering the present financial constraints, the system may further support, through technical co-operation among developing countries, the collective efforts of the medium- and upper-income developing countries.

52. The international community has accepted that the least developed and low-income countries need increased multilateral support of their national development efforts. These countries have long-term structural problems which are a result, inter alia, of a lack of natural resources, limited savings capacity, small economic size, remoteness from markets and high transport costs. The United Nations system should therefore continue to make special efforts to help the countries concerned to overcome their current economic and social difficulties and to plan for improvements in a long-term perspective by keeping a careful balance between much-needed social improvements and productive activities that will make overall progress possible.

53. Over two thirds of the system's operational activities take place in developing countries which have a per capita income of less than \$500; about 40 per cent of all activities take place in the least developed countries. UNDP and other organizations have taken action to increase the allocation of available resources to low-income countries. The system provides an average of about 10 per cent of the total development assistance received by the least developed countries. It is an essential instrument in offsetting some of the inequalities in the distribution of overall ODA to such countries: operational activities constitute the largest or second largest single source of ODA in a significant number of the least developed countries. An overall shift from multilateral to bilateral assistance would adversely affect the ODA receipts of the least developed countries. 14/

Table 4. Operational activities of the United Nations system
in the least developed countries a/

(1980/1981 annual average)

Country	Total net ODA receipts (millions of dollars)	Ratio of ODA to GNP (percentage) <u>b/</u>	Share of operational activities in total ODA receipts (percentage)
Afghanistan	27.7	0.7	35.9
Bangladesh	1 158.0	10.6	6.7
Benin	79.2	6.9	13.7
Bhutan	9.0	7.6	73.5
Botswana	97.9	12.7	11.3
Burundi	113.4	11.9	12.1
Cape Verde	54.7	65.7	10.8
Central African Republic	100.5	13.6	6.6
Chad	43.0	5.2	14.6
Comoros	43.0	39.3	12.7
Democratic Yemen	93.4	9.0	22.7
Ethiopia	209.3	4.4	26.3
Gambia	51.6	28.0	15.1
Guinea	75.0	4.6	17.0
Guinea-Bissau	57.0	34.9	12.3
Haiti	105.4	7.4	11.3
Lao People's Democratic Republic	35.4	10.0	24.3
Lesotho	93.0	15.0	18.9
Malawi	130.0	8.2	9.9
Maldives	17.0	53.5	11.6
Mali	220.0	14.8	10.2
Nepal	171.0	8.0	18.9
Niger	181.0	8.9	8.7
Rwanda	143.7	12.7	8.9
Samoa	24.5	18.4	13.1
Somalia	349.0	1.6	12.8
Sudan	645.0	8.0	6.4
Uganda	113.6	0.9	18.1
United Republic of Tanzania	644.7	12.9	3.8
Upper Volta	209.3	10.5	8.2
Yemen	392.0	10.5	3.4
Average	-	8.5	10.0

a/ Identified as such as of December 1981.

b/ 1980 only.

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54. The United Nations system is in a position to respond efficiently to specific needs, and to provide logistical and operational support, for the implementation of the national plans of the least developed countries. It has the necessary mechanisms for quick intervention in emergency and relief operations, for sustained action in the field of operational activities and for helping to mobilize and co-ordinate external assistance to the least developed and low-income countries through the organization of UNDP round tables or World Bank consultative group meetings. The strengthening of public administration and planning, together with that of aid co-ordination, is particularly important in the least developed countries. The system is well equipped to assist such countries, at their request, in this respect. The Department of Technical Co-operation for Development of the United Nations Secretariat is, for example, active in these areas in many of the least developed countries and has developed appropriate planning methodologies for use in several countries. Resident co-ordinators, supported by the organizations of the system at the global and regional levels, have a major role to play in this respect, in accordance with the provisions of the Substantial New Programme of Action for the 1980s for the Least Developed Countries, 15/ in stimulating a dialogue on development issues and in assisting the Governments concerned in strengthening their co-ordination mechanisms.

55. Two areas call for special attention as concerns the least developed and low-income countries. Firstly, the Substantial New Programme of Action seeks to support the development efforts of the least developed countries by carefully planned action at the country level. UNCTAD is playing an important role in the activities of the system pertaining to the least developed countries and, in particular, has been assigned significant responsibilities, together with UNDP and other organizations, for the follow-up and implementation of the Substantial New Programme of Action. The Substantial New Programme of Action has created expectations of improved external assistance for the least developed countries. Organizations of the system have given high priority to the implementation of the Substantial New Programme of Action and have endeavoured to increase their technical and financial assistance to the least developed countries. However, the resources that UNDP expected to mobilize from the international community have not materialized, thereby adversely affecting the capability of the system to contribute fully to the implementation of the Substantial New Programme of Action. As noted above, the least developed countries face tremendous difficulties that they would be in a position to surmount through considerably increased financial assistance from external sources, accompanied by technical co-operation to help them to utilize efficiently resources for their development.

56. Secondly, more than half of the countries situated in sub-Saharan Africa are currently identified as least developed and face formidable economic and social problems. Large areas of Africa have been made desolate, or increasingly less productive, by the effects of drought, desertification, overgrazing, soil erosion, diseases, pests and hostilities. Deserts in Africa have been encroaching on useful agricultural land at the rate of 60,000 to 70,000 square kilometres per year. It is estimated that, every year, some 25,000 square kilometres of African land are being lost for food production and rural earning capacity because of soil-erosion. The population of Africa has grown from 275 million in 1960 to an estimated 514 million in 1983, at a rate that is close to 3 per cent per annum. Since food production has been growing at less than 2 per cent per year, the annual rate of decrease in average per capita food production during the 1960s (-0.7 per cent) actually worsened during the 1970s (-1.6 per cent). Estimates for the period 1980-1982 point to a further deterioration. According to FAO, the continent's food crisis is one of the biggest development problems in the world. Action is under way to increase the capacity of the system to assist African countries in mobilizing domestic and external resources to overcome the severe development problems of the continent. For example, the UNICEF Executive Board at its 1983 session endorsed a considerable strengthening of UNICEF programmes in sub-Saharan Africa. Further steps should be taken, with the active involvement of ECA, to develop a concentrated programme of technical co-operation which is critically needed in Africa in the 1980s.

3. Development of South-South co-operation

57. The developing countries have developed since the 1960s a number of political and economic agreements aimed at the promotion of economic and trade co-operation among themselves. Such co-operation is needed to reduce the dependency of the South on the North, to exploit the mutual complementarity of economic and technical capacities, as well as to secure a greater participation in the management of the world economy. The mutual experience of development and its constraints and challenges provides the driving force behind such co-operation. The Group of 77 and the Movement of Non-aligned Countries have reiterated, at the highest political level, their adherence to the principle of collective self-reliance. At the same time, they have recognized that multilateral co-operation can lend support to a variety of much-needed forms of subregional, regional and interregional co-operation among developing countries in pursuit of the search for collective self-reliance. While the primary responsibility for South-South co-operation clearly lies with the developing countries themselves, the continued support of the international community and of the United Nations system will be indispensable for the realization of this critical endeavour.

58. Technical co-operation among developing countries - for which UNDP has a special responsibility in concert with the organizations of the system - constitutes a major effort by developing countries to promote their collective self-reliance. It received recognition in the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, 16/ whereby States agreed to a set of measures to promote and implement such co-operation. Focal points in developing countries are being strengthened with a

view to the collection, processing and dissemination of information related to the availability of expertise in developing countries. The third session of the High-Level Meeting on the Review of Technical Co-operation among Developing Countries provides an opportunity to review the additional measures that may be taken to encourage more regular and specific consultations between the Governments of developing countries and the organizations of the United Nations system in order that the latter may be utilized more fully for the promotion and implementation of technical co-operation among developing countries by, inter alia, providing the required expertise.

59. Economic co-operation among developing countries is still at an early stage of development. The United Nations system is increasingly called upon to assist in the implementation of such co-operation, covering all main areas of economic and social policy, including technology, money and finance, energy, food production and distribution, industrialization, transportation, infrastructure and human settlements, and education and health. UNCTAD, the regional commissions and other organizations are playing a particularly important role in this respect, often with support from UNDP. It is recommended that closer contacts be established between the organizations of the system and the representatives of the developing countries so as to ensure the provision of expanded support by the system to the programmes and activities of economic co-operation among developing countries. This will also help in developing, in the light of the decisions taken by the developing countries at Arusha in 1979 and Caracas in 1981, short- and medium-term programmes for the promotion of South-South co-operation. Member States and organizations of the system may wish to mobilize additional resources for the regional and interregional programmes that constitute the basic source of financing the programmes of economic co-operation among developing countries. New approaches to regional programming - as called for in General Assembly resolution 37/214 of 20 December 1982 - might be examined in the ACC machinery in order to improve the effectiveness of this aspect of operational activities. In any event, such programmes require high-quality expertise at the sectoral and multidisciplinary levels that is able to deal at the same time with different cultures, different approaches to development, and different socio-economic structures.

4. Better linkages among operational activities

60. The complexity of the development process, as well as the necessity to integrate the growth of material production into comprehensive development that includes infrastructure, social development, health, education and culture in accordance with the autonomous definition by each society of its own values and goals, has implications for the way in which the system carries out its operational activities. On the one hand, it implies full support for national policies oriented towards development strategies based on the principle of self-reliance. On the other hand, it reinforces the desirability of closer co-operation among the organizations of the United Nations system and other multilateral or bilateral organizations in the development of a more coherent approach to the provision of technical co-operation, and of the necessity for ensuring the right balance among the various types of assistance provided at the country level in support of national development programmes.

61. Multidisciplinary action is central to development and calls for the effective integration into national development programmes of various types of assistance, including food aid, finance for local and recurrent costs, capital aid for equipment and construction and technical co-operation. During periods in which few resources are available, it is especially important to seek opportunities to use all forms of aid in ways that enable them to complement and enhance each other's value and development impact. Programmes in the area of integrated rural development are a case in point; health is another area that requires complementary action, for example, in such sectors as education, water and sanitation. The area of human settlements likewise requires complementarity programmes in different sectors. Nutrition is a third example of an area in which complementary programmes encompassing several different government departments and aid organizations, and several organizations of the United Nations system, are essential for success. Food aid projects often require supplementary financial, technical and material assistance to be most effective. Inter-agency task forces and working groups have been established to facilitate co-ordination in these and other areas.

62. There is no shortcut to the development of effective programmes in these areas. Close collaboration at the country level is essential, both among the government departments involved and among the aid agencies active in a particular field, as discussed in section C of chapter V below. As noted therein, enhanced co-ordination of operational activities within the system, and between the system and other sources of external assistance, in accordance with the objectives and priorities of the countries concerned, is needed so that there is a better integration of external input into the overall programme of priorities of recipient countries. Country programming provides an instrument to promote the complementarity of activities at the country level. One recent development of note is that of the establishment of the joint consultative group, in which UNDP, UNICEF, UNFPA and WFP now participate, that allows for regular consultations on policy issues among the four organizations and for the identification of specific opportunities for better and closer collaboration at headquarters and, especially, in the field. ACC is currently exploring ways and means of assisting developing countries, at their request, in strengthening their central and sectoral planning units and related mechanisms for external input, programming and aid co-ordination (see para. 148 below).

5. Complementarity of technical co-operation and capital assistance

63. In previous paragraphs, the contribution that technical co-operation can bring to economic and social development through the improvement of human skills, the strengthening of institutions and the improvement of knowledge was emphasized. One aspect of technical co-operation relates to the role it plays in helping countries to absorb and utilize capital investment, whether financed from external or domestic sources. In the latter respect, there is growing recognition that there should be a continuum between capital assistance and technical co-operation. The multilateral development banks are fully cognizant of the essential support that technical co-operation can provide to a lending programme. Technical co-operation is increasingly regarded as a key to the effective realization of capital investment. In the case of the World Bank, for example, technical co-operation has

grown rapidly over the past few years to reach the commitment level of \$1.25 billion in 1981, partly because of the necessity to ensure the best utilization of borrowed funds, and partly because of the diversification of the lending portfolio of the Bank that took place in the 1970s. Many aid organizations, including, for example, UNICEF and a number of bilateral donors, finance all the necessary input to projects. Most bilateral technical assistance is now directly related to capital lending.

64. There is indeed considerable scope for technical assistance aimed at enhancing the capacity of the developing countries to prepare, implement and monitor development programmes. The technical assistance activities of the United Nations system are designed to fill this need, as well as to stimulate the flow of external resources, where appropriate. For this latter purpose, various organizations of the United Nations system have taken concerted steps in several directions:

(a) Firstly, organizations continue to assist countries to absorb capital through technical assistance in the design and implementation of investment projects and through advice on appropriate financing policies. In particular, the co-operative programmes of the World Bank and other financial institutions with specialized agencies have helped to expand the activities of the United Nations system in assisting the developing countries in the identification and preparation of investment projects financed by the World Bank, the regional development banks and other financing institutions;

(b) Secondly, ACC has been exploring the possibility of expanding the role of the relevant organizations of the system in the implementation of the technical co-operation components in loans advanced by the World Bank, the regional development banks and IFAD;

(c) Thirdly, UNDP and the World Bank have worked out areas of further collaboration at the headquarters level and in the field, pursuant to General Assembly resolution 37/226, which are being implemented on a case-by-case basis;

(d) Fourthly, efforts to promote joint funding projects, including complementary input for technical assistance, capital lending and food aid, are being pursued and can be further developed.

6. Gaps in operational activities

65. The 1980 policy report of the Director-General 17/ identified certain gaps in operational activities that the system had not been able to fully bridge. Such gaps concerned the promotion of the collective self-reliance of the developing countries, the provision of support through technical co-operation for strengthening the bargaining capacity of the developing countries, and the adequacy of resources for sectors such as industry, technology, energy and trade that are critical for the restructuring of the international economy in order to render it more supportive to the development process. Such gaps relate in part to the institutional capabilities of the system and in part to the way in which priorities are established for operational activities.

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66. The General Assembly, in resolution 35/81, requested a review of this matter in the 1983 report of the Director-General. In paragraphs 57 to 59 above, possible areas for the further promotion of South-South co-operation are suggested. Some important developments have taken place since 1980, pertaining to other areas identified in paragraph 65 above. Several projects have been undertaken by UNCTAD, the regional commissions, the United Nations Centre on Transnational Corporations of the United Nations Secretariat and other organizations of the system, often with the assistance of UNDP, to help countries to prepare for and follow-up the results of negotiations on international trade, money, finance and investment. Although a number of outstanding problems remain, consultations are still taking place with regard to the establishment of the United Nations Financing System for Science and Technology for Development as a separate and identifiable entity which has several important new features as far as the system's operational activities are concerned. The level of its resources, however, are at present significantly below that envisaged at Vienna four years ago. UNDP has developed with the World Bank some promising initiatives in the area of both renewable and non-renewable sources of energy, particularly regarding energy assessment missions. The Secretary-General has recently established the secretariat and intergovernmental arrangements for the follow-up to the United Nations Conference on New and Renewable Sources of Energy. The Department for Technical Co-operation for Development of the United Nations Secretariat is active in the area of energy, as well as other areas. The Common Fund of the Integrated Programme for Commodities has not yet come into existence, and resources still remain inadequate for assistance to the developing countries in the processing and marketing of commodities. Technical co-operation in a host of activities relating to trade policies, development, promotion and marketing remains as important as ever, and the International Trade Centre (UNCTAD/GATT) has, in spite of limited resources, been able to carry out some important projects in these areas. The strengthening of the role and activities of the regional commissions over the past years is also evidence of the adaptation of the system to regional requirements.

IV. RESOURCES FOR OPERATIONAL ACTIVITIES

67. The rapid growth in contributions for operational activities in the 1970s has not been sustained in the first years of the present decade and the prospects for a significant overall real increase in contributions are not good. For the United Nations system, in the words of ACC, "the resolution of a contradiction between professed aspirations and the willingness to support them materially is the test of its validity". In the present section of the report, recent trends in contributions are reviewed, and a number of issues that require further consideration are identified.

A. Recent trends in contributions

68. The share of operational activities (i.e., UNDP, UNICEF, UNFPA, WFP and other technical co-operation activities of the organizations of the system) in the total net ODA receipts of the developing countries has remained more or less constant over the past decade at around 6 per cent, the proportion rising in the

least developed countries to about 10 per cent (see para.53 above). Simultaneously, the share of multilateral ODA in the total net ODA receipts of the developing countries grew steadily, from around 15 per cent in the early 1970s to about 23 per cent in 1981, reflecting the growing importance attached to the role of the multilateral institutions. Operational activities currently constitute about one quarter of the total multilateral ODA receipts of the developing countries.

69. The system as a whole is adversely affected by current difficulties in generating resources for development, although some organizations have experienced more rapid growth in overall contributions than have others. Contributions to the funds and programmes of the United Nations Pledging Conference for Development Activities have stagnated in the immediate past, at around the 1981 level of \$1.2 billion. ^{18/} Contributions have generally fallen short of the targets or desirable funding levels established by the competent intergovernmental bodies. UNDP has been particularly badly affected: based on current assumptions, it is expected that contributions to UNDP will fall short in the current third programming cycle (1982-1986) by about 40 per cent of the desirable funding level established by the Governing Council in 1980. Uncertainties as to resource availability have adversely affected the smooth programming and implementation of operational activities.

70. The difficulties faced by the organizations that depend on voluntary contributions is matched, in varying degree, by three other development co-operation organizations of the systems which are likewise dependent on (non-assessed) government contributions, namely IDA, IFAD and WFP. IDA and IFAD are financed through negotiated replenishments. In spite of the understanding that the mutually agreed contributions to such institutions should be regarded as a commitment, both IDA and IFAD have encountered severe problems in maintaining the replenishment agreements. WFP, which operates under a formal pledging target for the biennium, is attaining resource levels at or close to its current biennial target. Overall, however, food aid is still short of requirements as defined in the various international forums.

71. Of critical concern for the least developed and other low-income developing countries that are not creditworthy for IBRD borrowing is the situation regarding IDA funding, and specifically the level of IDA commitment authority for the period ahead. In the year ending 30 June 1982, the IDA programme had to be cut by 35 per cent, from \$4.1 billion to \$2.7 billion. For the years ending 30 June 1983 and 30 June 1984, IDA should be able to commit annually \$3.3 billion. The most serious issue, however, concerns the level of funding for the seventh replenishment of IDA, covering the three ensuing years and whether, as compared to the level for the sixth replenishment (\$12 billion), IDA will be in a position to meet the growing needs of the lower-income developing countries for the highly concessional financial assistance without which their economic and social development will suffer greatly in light also of the overall world economic situation.

72. The situation regarding IFAD is of equal concern. Agreement was reached to provide IFAD with \$1.1 billion for the period 1981-1983, an amount that represented very little growth in real terms over its initial resources of \$1 billion for the

period 1978-1981. However, there are possibilities that major pledges will not be ratified within the replenishment period, thereby threatening the ability of IFAD to maintain its current level of operations. IFAD is unique in that it is the only organization in which the member countries of OECD and of OPEC contribute in broadly equal measure.

73. The above suggests that support for multilateral development co-operation has weakened over the past few years. This trend is associated in part with the prolonged recession in the economies of the major contributors, in part with constraints in public expenditure programmes in the major contributing countries, in part with the desire to ensure that the aid portion of such expenditure programmes plays its full role in promoting export opportunities and domestic employment benefits in the donor country, and in part with the perceptions that donors have of the efficiency of the operations of the system. The relative weight to be attached to each of these four factors varies from donor to donor: all are, however, important.

74. Contributions to the system's operational activities are borne by a limited number of donors. In absolute terms, by far the greater share of total contributions to operational activities is borne by the member countries of the Development Assistance Committee of OECD (about 85 per cent). Contributions from intergovernmental and non-governmental sources provide about 5 per cent of the total, and developing countries contribute about 7.5 per cent, including the OPEC member countries' contribution of 2.5 per cent. Within individual groups of donors, contributions do not reflect the capacity of countries to contribute when contributions are assessed in terms of GNP. For example, the five largest OECD member countries, which account for 80 per cent of the total GNP of OECD, contribute only 44 per cent of the total contribution of OECD member countries to the system's operational activities. In spite of the appeals of the General Assembly to place the voluntarily funded organizations on a more secure financial basis, and of the efforts made by some donors to that end, there has been no progress made towards a more equitable sharing of the costs of financing operational activities in relation to GNP.

Funding of technical co-operation

75. Overall trends in contributions to operational activities over the past decade are set out in table 5 below which also contains data, for information purposes, on the contributions to the refugee, humanitarian and disaster relief activities of the system. An examination of the table suggests the following observations.

Table 5. Contributions to operational activities, 1973-1981
(Millions of dollars)

Contributions to operational activities	1973	1976	1979	1980	1981	Percentage of total, 1981	Annual average 1973-1981 (percentage)	Rate of growth, 1979-1981 (percentage)
Contributions to United Nations funds and programmes								
Contributions to UNDP <u>a/</u>	331.7	500.7	691.4	705.2	705.4	32	9.8	1.0
Contributions to funds administered by UNDP <u>b/</u>	-	...	36.3	46.7	51.4	2	-	19.0
Contributions to UNFPA	42.6	73.5	131.1	132.4	126.9	6	14.6	-1.5
Contributions to UNICEF	71.3	104.7	218.9	278.7	261.6	12	17.6	9.5
Contributions to other United Nations funds and programmes <u>c/</u>	-	...	21.8	29.4	29.4	1	-	16.1
Total	445.6	678.9	1 099.5	1 121.4	1 174.4	53	12.1	3.4
Contributions to specialized agencies and other organizations								
Assessed contributions for operational activities of the specialized agencies and other organizations	121.4	155.0	212.3	9	-	32.2
Voluntary contributions for operational activities of the specialized agencies and other organizations <u>d/</u>	215.7	265.7	277.6	12	-	13.4
Contributions to WFP	215.3	298.9	511.0	546.8	576.8	26	13.0	6.3
Total	215.3	298.9	848.1	967.5	1 066.7	47		12.2
Grand total			1 947.6	2 159.9	2 241.4	100	-	7.2
Memo items								
Cost-sharing contributions to UNDP	.9	47.7	41.9	58.2	62.7	-	95.0	22.4
Self-supporting contributions to other organizations	-	...	50.2	64.8	107.7	-	-	44.0
Contributions to UNCHR	19.9	90.9	332.5	417.8	444.0	-	47.2	15.7
Contributions to UNRWA	57.4	112.8	140.6	184.0	180.2	-	15.3	13.1

a/ Excluding cost-sharing and government counterpart contributions.

b/ Capital Development Fund, Special Fund for Land-locked Developing Countries, Revolving Fund for Natural Resources Exploration, Fund for United Nations Volunteers, Interim Fund for Science and Technology Development and Trust Fund for Sudano-Sahelian Activities.

c/ Other funds included in the United Nations Pledging Conference for Development Activities.

d/ Extrabudgetary contributions from bilateral official and non-official sources and from multilateral sources.

76. The diversification in the sources of funding for the technical co-operation activities of the system, first commented on in the 1980 policy report of the Director-General 17/ has continued. A number of developments may be noted:

(a) The stagnation in overall contributions to United Nations funds and programmes in the period 1979-1981, in contrast to rapid growth in the 1970s. UNDP, UNFPA and other programmes have experienced virtually no growth in dollar terms, and thereby a significant fall in real terms, since 1979;

(b) The growth of new modalities for funding technical co-operation within the United Nations and within the specialized agencies. Expenditures on the technical co-operation financed from such contributions have increased eightfold, from about \$40 million in 1973 to \$320 million in 1981. More recent data suggest a slowing down in the rate of growth of these sources of funding for technical co-operation;

(c) The growth of technical co-operation financed by the World Bank. Commitments for "technical co-operation" embodied in Bank loans and IDA credits amounted to over \$1.3 billion in 1981; disbursements reached the level of over \$0.5 billion in the same year;

(d) The growth of cost-sharing and similar arrangements whereby middle- and higher-income developing countries are increasingly financing from their own resources and external loan funds the provision of technical co-operation, using one or other of the organizations of the system. Total contributions for such purposes amounted to some \$170 million in 1981, compared to an insignificant amount a few years earlier;

(e) A relatively rapid growth in assessed contributions for the financing of technical co-operation, mainly that of WHO;

(f) Reflecting these trends, the role of UNDP in the financing of multilateral technical co-operation has decreased from 80 per cent of total United Nations system technical co-operation expenditures in 1968 to 50 per cent in 1981. 19/

77. The causes of diversification stem from a number of factors. On the one hand, they may reflect the policies of donors which, while accepting the rationale of general purpose funding, have nevertheless found it desirable to contribute to funds and programmes that address the particular development problems in which they have a special interest and to which the system's expertise and capabilities may be brought to bear. On the other hand, for the recipient countries, central funding and the accompanying process of country programming have made it possible to

establish overall priorities for the utilization of resources in accordance with national planning and priorities. However, to the extent that central funding does not mobilize resources that may otherwise be available as a result of public support for particular programmes, it does not necessarily result in the largest possible flow of resources for the system's operational activities. Resources are probably additional in the multilateral context but not necessarily so as far as the total flow of ODA is concerned. The trend towards more diversified funding raises a number of issues which are discussed below. A different element of diversification, as noted earlier, concerns the cost-sharing and similar self-supporting arrangements whereby middle- and upper-income developing countries directly finance the provision of technical co-operation. This appears to reflect the beneficial services that such countries find in the multilateral development co-operation of the system.

78. The data in table 5 also reveal a number of other trends. UNICEF, WFP and UNFPA experienced relatively rapid growth in the 1970s, albeit at varying rates. In response to emergencies and natural and other disasters, the refugee, humanitarian and other relief activities of the system also experienced rapid growth in the 1970s, particularly in the latter part of the decade. More recent data suggest a lessening of such growth.

B. Issues for consideration

79. Three major issues require attention in the context of the comprehensive policy review of operational activities for development:

- (a) Measures to increase present levels of contributions;
- (b) Ways and means to ensure greater predictability in resource flows and to bring about a more equitable sharing of the cost of financing the system's operational activities;
- (c) The diversity in the financing of technical co-operation.

1. Mobilization of resources for operational activities

80. The rationale for the technical co-operation and related operational activities set out in the previous sections of the present report has been repeatedly affirmed at the highest political levels. This rationale is the simplest and most direct justification for the need for additional resources to support these activities. Such support is even more urgent at a time when the developing countries are confronting extremely serious economic problems and are finding it increasingly difficult to mobilize adequate resources to sustain, let alone further, their development efforts.

81. The following broad approach is suggested for the mobilization of maximum resources for operational activities, based upon the pluralism of the system and the need for efficiency and cost-effectiveness in the modalities used for that

purpose. A rough approximation of part of the system's resource requirements for operational activities is given by the targets or desirable funding levels established by the intergovernmental bodies. The short- to medium-term "targets" - which include assumptions as regards the rate of inflation - for contributions to United Nations funds and programmes (i.e., UNDP, \$5.6 billion; UNICEF, \$1.9 billion; UNFPA, \$0.7 billion; and to WFP, \$2.7 billion) for the period 1983-1986 amount to about \$11 billion, exclusive of an estimate of the resource requirements to support the technical co-operational activities of the specialized agencies funded directly from bilateral and other multilateral sources, for which no explicit targets exist. It should be recognized that some of the targets - particularly that of UNDP - were adopted when expectations of inflation were higher than is currently the case. The attainment of these targets implies an annual average increase in current prices of around 13 per cent over the level attained in 1981, a rate that is broadly consistent with overall growth in the past decade and suggests some increase in real terms.

82. A minimum objective should be to ensure that UNDP, UNICEF, UNFPA and WFP and other operational programmes are able to maintain their field activities, at least in real terms. The presently estimated shortfall in the desirable funding levels for the period 1983-1986 is \$2.8 billion, about 25 per cent of the overall target levels. The bulk of the shortfall pertains to UNDP: it is currently anticipated that the resource requirements of the other funds and programmes will be met, or will fall short by about 10 per cent or so.

83. It may be recalled that the central funding and co-ordinating role of UNDP in the field of technical co-operation within the United Nations system was reaffirmed by the Economic and Social Council in its resolution 1981/59 of 22 July 1981, a resolution that was subsequently endorsed by the General Assembly in its resolution 36/200 of 17 December 1981. UNDP seeks to ensure the equitable distribution of resources among the developing countries and, through a process of country programming, the allocation of funds to sectors and priorities that reflect host Government objectives. It carries out an essential and indispensable role in the programming and co-ordination of UNDP-funded assistance at the country level. Country programming is a means of achieving the most rational and efficient utilization of the resources at the disposal of the Programme in order to ensure the maximum impact on the economic and social development of the developing country concerned. With the agreement of the Government concerned, it may also provide a framework for the programming of resources from elsewhere in the system and from bilateral and other sources of external assistance. This role can be sustained only if the resources available to fulfil it are sufficient.

84. It is, accordingly, of the utmost importance that Member States provide UNDP with the resources it needs to fulfil the purposes for which it was established. The conclusions and recommendations of the Intersessional Committee of the Whole of the UNDP Governing Council - namely, for additional and supplementary contributions to alleviate the present short-term shortfall in resources for UNDP and to maintain as a minimum objective the real value of year-to-year contributions - deserves the fullest possible support.

85. Member States in various forums, including those of the governing bodies of the

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organizations of the system, have repeatedly reaffirmed their support for UNDP. The Heads of State or Government of Non-Aligned Countries urged the developed countries to implement the resolutions of the General Assembly which call for an annual increase of 14 per cent in voluntary contributions. The fifth Ministerial Meeting of the Group of 77 also urged donor countries to increase rapidly their voluntary contributions in order to restore the funding available to UNDP to the levels required by the current and prospective needs of the developing countries for technical co-operation. The Council of OECD, meeting at the ministerial level, recognized the importance of technical co-operation and reaffirmed its commitment to a strong, centrally funded system of United Nations technical co-operation.

86. The new modalities for the financing of technical co-operation, such as "multi-bilateral", "funds-in-trust", special purpose funds and other arrangements available to the organizations of the system, provide a flexible mechanism to donors and recipients alike to channel resources for development through the United Nations system. However, it is desirable for the organizations of the system to reach a common understanding of the criteria to be followed for the mobilization of resources, a point that is developed in paragraphs 100 to 104 below.

Prospects for resource mobilization

87. Measures to increase present levels of contributions in accordance with the approach suggested in the preceding paragraphs call for a concerted effort on the part of all organizations of the system to mobilize support for a substantial and sustained increase in ODA in real terms. Such assistance has financed an important part of the development effort in recent years. It is the principal source of external financial support for the least developed and other lower-income countries. Despite the efforts of a number of countries, ODA is financing a decreasing share of the current account deficits of the lower-income countries.

88. Prospects for attaining increased levels of contributions for the system's operational activities depend in part on an increase in ODA and in part on the maintenance of the present share of the organizations of the system in such an increase. Present forecasts for DAC member countries do not suggest any radical departure from present trends; the ratio of ODA to GNP will be maintained at around 0.35 per cent, one half of the level called for in the International Development Strategy for the Third United Nations Development Decade. The ODA/GNP ratio of the OPEC countries is at a much higher level, 1.7 per cent, but no significant increase may be expected, particularly in the light of the presently declining capital surplus. Prospects for growth in the contributions of other donor groups from the present low levels are not favourable. In the case of food aid, the current surplus has not been translated into substantial increases in aid, and no mechanism has yet been devised for capturing the food surplus in good years and using it effectively over a multi-year period to provide food for developmental and humanitarian purposes.

89. The additional resource requirements of the developing countries for the financing of operational activities certainly cannot be regarded as excessive, and

are attainable given the requisite political will of all countries to contribute to the process of development of the developing countries through the multilateral institutions of the United Nations system. Current difficulties in resource mobilization contrast markedly with the exploding growth in expenditure on armaments, which is now reaching an annual level of some \$650 billion. If present trends regarding resources mobilization continue, most organizations will be unable to maintain in real terms the present level of their field programmes.

90. A progressive increase in concessional assistance to the developing countries as an integral element of a programme of world economic recovery is in the economic self-interest of both donors and recipients in the present interdependent world, as a number of recent studies and reports have emphasized (e.g., that of the Brandt Commission 20/ and that of the Committee for Development Planning on its nineteenth session 21/). The operational activities of the system may be expected to share in any general expansion of ODA, thereby enabling multilateral technical co-operation to make a full contribution to the process of development of the developing countries.

2. Greater predictability and assuredness in resource mobilization

91. The General Assembly has frequently called for measures to place the organizations engaged in operational activities on a more secure financial basis. The Assembly requested that recommendations on this matter be included in the present report. Previous reports of the Director-General have discussed the rationale for greater assuredness in financing, bearing in mind the interests of the recipient countries, the donors and the organizations themselves. Long-term commitments by donors enable organizations to guarantee resource availability to the recipient countries, thereby facilitating the integration of external resources into their planning and budgetary cycles. Agreement on the levels of future resource requirements of organizations of the system facilitates the planning of that section of the donors' aid budgets earmarked for multilateral assistance. Progress in the objectives set out by the General Assembly remains, however, extremely limited.

92. The Intersessional Committee of the Whole of the UNDP Governing Council considered a variety of measures to enhance predictability in contributions while retaining the voluntary character of UNDP, ranging from the greater use of multi-year pledging to the introduction of negotiated replenishments. The resolution of these issues proved particularly difficult. The Committee was, however, eventually able to recommend to the Governing Council elements for the adoption of a system for the long-term mobilization of resources that involves, in particular, informal intergovernmental consultations at various stages to enable greater predictability and assuredness to be introduced into the resource planning of UNDP.

93. Greater predictability in resource mobilization must remain an objective to be sought over the medium term. Experience has shown that programmes funded through replenishment arrangements, for example, have generally achieved greater growth, notwithstanding present difficulties. It should be clearly understood, however,

that the actual technique to be sought for this purpose - for example, multi-year pledging or replenishment negotiations, or a mix of the two - would not by itself generate additional resources. However, the General Assembly may wish to consider in this context the desirability of a better balance between stability and assuredness in contributions at an agreed target level but with a greater degree of political commitment to the attainment of the desired levels.

94. Over the longer term, consideration should also be given to the financing of operational activities on a more automatic basis. Various proposals have been made for the provision of development finance that is freed from the uncertainties of national budgetary decisions. The operational activities of the system may be expected to benefit from any such schemes as and when they are introduced, including, for example, international taxation.

95. One approach to the question of predictability of resource mobilization may be as follows. In the short term, a number of measures may be pursued, such as those identified in paragraph 96 below. For the medium term, consideration might be given to more formal arrangements for greater assuredness such as those being discussed by the Governing Council of UNDP. Provision also needs to be made to safeguard against unexpected fluctuations in year-to-year contributions arising from the unforeseen exchange rate movements that have severely affected the resource inflow of several organizations in the past few years. Over the long term, consideration should be given to the steps necessary to secure the automatic financing of operational activities through the introduction of schemes that are politically acceptable. The pursuit of these short-, medium- and long-term objectives could proceed simultaneously.

96. In the short term, consideration might be given to the following proposals. Firstly, the use of targets for the mobilization of resources for operational activities. The rationale and usefulness of target-setting was considered in the 1982 annual report of the Director-General. The General Assembly, in its resolution 37/226 of 20 December 1982, requested the Director-General to include in the present report an examination of the feasibility and usefulness of establishing targets for voluntary contributions for those funds and programmes for development activities covered by the United Nations pledging conferences where such targets do not exist. As noted earlier, the performance in the attainment of voluntary targets has been mixed. Studies conducted on this matter have concluded that the principal factor affecting the attainment of targets is the degree of political support from the major contributors associated with the target-setting process. The successful experiences of UNICEF and WFP illustrate this point. Unrealistic targets create expectations that remain unfulfilled. In this sense, targets should reflect agreement and not anticipate it. The establishment of consensual targets, when justified in terms of the size of the fund or programme, together with an understanding of the individual country's responsibilities, is a valuable and useful instrument that is available to intergovernmental bodies when determining the desirable (in relation to needs) and attainable targets for resource mobilization. Target-setting naturally brings with it a notion of burden-sharing which is discussed in paragraph 99 below. To the extent that targets reflect priorities, performance in their attainment can then be used by the central

intergovernmental bodies to monitor the distribution of resources in the light of such agreed priorities.

97. Secondly, ways and means should be found to enable the members of governing bodies of the voluntarily funded organizations of the system to participate more directly in the mobilization of resources. Hitherto, the principal responsibility for meeting desirable resource levels has rested with the executive heads concerned. Formal and informal mechanisms may be necessary to enable the governing bodies to assume a greater responsibility in ensuring that the planning targets for desirable funding levels established by the Member States can in fact be attained.

98. Thirdly, Governments may wish to explore the possibility of using more effectively the mechanism provided by the annual United Nations Pledging Conference for Development Activities. The annual Conference is convened without prejudice to other arrangements for the mobilization of resources. However, on the one hand, the timing of the Conference might be reconsidered, since several major contributors are not in a position to announce their pledges at the time that the Conference is held, thereby adversely affecting proper resource planning by the organizations concerned. On the other hand, and independent of the question of timing as such, concerted consultations might be held between donors, recipients and the organizations participating in the Pledging Conference in order to attain a more equitable sharing of the costs of financing the organizations and to seek a distribution of resources among programmes in a manner that reflects the priorities of the developing countries.

99. Consultations of this kind would provide an informal basis for consideration of the issue, on which no progress can be reported, of the more equitable sharing of the costs of financing the system's operational activities. In paragraph 74 above, the point is made that these costs are borne disproportionately by a limited number of donors. An accelerated growth of the programmes concerned is not likely unless the present pattern of burden-sharing is rendered more equitable. Movement towards a more equitable pattern - in relation to GNP - would have to proceed on the basis of existing levels of contributions. Furthermore, a collective discussion among the major funds and programmes of the United Nations - of the kind proposed in the paragraph above - would allow for individual donor preferences to be expressed for individual organizations but with an overall broad balance among the contributing countries. Such consultations would also be helpful in finding a way of reconciling the multi-year financing requirements of organizations with the voluntary annual financial commitments of contributors.

3. Some aspects of new modalities for financing technical co-operation

100. The growth and diversification of funding sources for the technical co-operation activities of the system was noted in paragraphs 80 and 81 above. The diversification of funding sources provides the international community with a supplementary means of addressing specific problems in a concerted manner - the post-harvest food-loss prevention programme of FAO and the special health programmes of WHO being cases in point - through the use of the system's capabilities. Some of the modalities afford donors greater visibility and better

accountability. They also enable donors to exercise a greater degree of involvement in the selection of countries and projects and in the utilization of resources provided by them for the procurement of goods and services from their respective countries.

101. Developing countries should be in a position to establish their own development priorities in the light of their own goals and objectives, rather than based on the likely availability of external resources for particular programmes and projects. In turn, such priorities should determine overall and sectoral programming of the system's operational activities at the country level. There is also a need to ensure that the requirements of small countries, or countries that are otherwise politically unacceptable to the interests of certain donors, are taken fully into account in the distribution of total multilateral technical co-operation. There is also need for complementary action among the organizations of the system, as discussed in section V.C below. Harmony among the various procedures for programming and project design and implementation would help to avoid burdening national administrations and adding to administrative costs (see paras. 119 and 120 below).

102. There is a growing tendency to provide contributions to organizations with conditions attached to their use. The General Assembly, in resolution 37/226, requested that the present report should include an examination of this matter. Conditions attached to contributions take various forms. Many of them are not new and have always existed in one form or another. Contributions to special purpose funds are, of course, naturally tied to the purpose for which the fund was established. Some donors specify that their contributions should be used in particular countries, or groups of countries, or in particular sectors, and leave all decisions on allocations and the nature of projects to the recipient countries and organizations concerned. The governing bodies of some organizations - for example, UNICEF - may take note of projects for subsequent adoption by individual donors, it being understood that the level of such special purpose contributions would remain a proportion of the general purpose contributions from the same donor. In the case of WFP food aid, the non-fungibility of the commodities provided enables donors to be more easily selective about the countries and projects for which their food is to be used: food aid provided through WFP for emergencies, in particular, has often been earmarked by donor countries for specific emergency operations. Contributions provided in non-convertible currencies and through various forms of special purpose funds in trust (including third-party cost-sharing), are also de facto conditioned on the acceptability of certain projects and/or certain recipient countries.

103. A more recent trend has developed towards the tying of contributions for operational activities to the procurement of goods and services in the donor country, a trend that is exacerbated by the prevailing economic conditions in the major countries and by constraints on the growth in general-purpose multilateral ODA. There is no single source of objective information on the extent of present tying. However, the tying of contributions to the procurement of equipment may inhibit the exercise by the recipient country of a free choice of the technology that is most appropriate to its needs. ^{22/} Such tying may well increase the total cost of the project; it may also inhibit the development of local expertise and

institutions which is, after all, the purpose of technical co-operation. These trends allow commercial considerations to enter into decisions on the allocation of resources among countries and sectors. The dangers of this happening appear to be recognized by those concerned. Nevertheless, pressures appear to be increasing towards greater rather than less tying, although it is possible that such pressures may be alleviated with world economic recovery.

104. All of these considerations suggest that Member States and organizations of the system should seek to make maximum use of the new modalities for the financing of technical co-operation in a manner that is consistent with the essential characteristics of the multilateral system. Measures that might undermine those characteristics should be avoided. Coherent action by the organizations of the system at the country level (see sect. V.C below) would in turn enable recipient Governments to make the best possible use of the potential for complementarity among the funding sources for multilateral technical co-operation. There could also be an understanding that the contributions of the individual donors to such special purpose arrangements be consistent with the principles of multilateralism and remain a proportion of general purpose contributions to the same organizations or to the system as a whole. There might also be merit in a periodic review of overall trends to see whether the distribution of resources corresponds to needs of countries and reflects the overall strategies and priorities of the General Assembly and of the Economic and Social Council. Arrangements along these lines might find reflection in a common understanding of the criteria to be followed in the mobilization of resources for operational activities with a view to maintaining a degree of uniformity in practice and approach among the organizations of the system.

V. QUALITY AND COST-EFFECTIVENESS OF OPERATIONAL PROGRAMMES

105. The present section of the report brings together a number of system-wide policy issues pertaining to the way in which operational activities are planned and carried out, with particular attention paid to three main subjects that appear to warrant attention by Member States: namely, ways and means of enhancing the quality of operational activities; the evaluation of the effectiveness and the efficiency of operational activities; and the pursuit of coherent action at the country level.

106. The efficiency and the effectiveness of the operational activities of the United Nations system are, to a considerable extent, determined by the willingness and capacity of the recipient countries to delineate clearly priorities and requirements in their national plans; to ensure, to the extent feasible, the conformity of external assistance to these priorities and requirements; to promote co-ordination within their national administrations in order to secure consistency and cohesion in the operational activities of the organizations of the United Nations system at the field level; and to establish procedures and mechanisms to assess and evaluate the relevance and usefulness of these operational activities to their development.

107. These responsibilities are, however, shared by the organizations of the system. Neither the strengths nor the weaknesses of operational activities can be ascribed exclusively to the Governments of the recipient countries on the one hand, or to the organizations of the system on the other. It also follows that both Governments and organizations alike are responsible for making any necessary improvements to the way in which operational activities are planned and carried out.

A. Quality of operational activities

108. The policies, procedures and modalities by which technical co-operation is carried out and the efficiency of this process inevitably affect results. Governing bodies have laid down the basic policies for the technical co-operation of the system: these include, for example, the sovereignty of the recipient countries in the determination of the priorities for which assistance is sought from the system; the acceptance of the purpose of technical co-operation as the promotion of the self-reliance of the developing countries; the full integration of operational activities with national development programmes; the emphasis on the output or results to be achieved rather than on the input to be delivered; the overall responsibility of the developing countries for the management and execution of projects, assisted by the organizations of the system; and the shift in approach epitomized by the concept of co-operation rather than of assistance.

109. These policies have been advanced in a number of places, including, for example, the approach adopted by the General Assembly in new dimensions in technical co-operation 23/ and in the JIU report on the role of experts in development co-operation. 24/ More vigorous action is required, however, by all partners in the tripartite system to fully implement in practice intergovernmental policies. The modalities of technical co-operation need constant review in the light of changing circumstances, and consequential adaptation to the particular circumstances of individual countries. The traditional forms and mixes of input - experts, fellowship and equipment - may be outmoded in some countries as a result of developmental advances. Arrangements that are better adapted to provide an effective response to new requirements should be considered in these cases.

International staff

110. In a growing number of countries, and in several sectors, the institution-building phase of technical co-operation may have reached its peak. Many developing countries have nationals who are often as well-trained as international technical co-operation staff and who in addition have more immediate experience of the economic and social development problems of their countries. Increasingly, countries are manifesting a growing need for short-term experts who are provided quickly to undertake specific and well-defined tasks. There will of course remain the need for long-term, resident experts in many countries and in many areas of technical co-operation. Nevertheless, the gradual shift that is taking place towards a greater reliance on short-term staff is being reflected in appropriate policies by the organizations of the system. Options that are currently being pursued and which may be developed further include: the greater recourse to consultancy firms, academic institutions, and public and private institutions for

qualified international project staff for the short term; the use of schemes, such as "retainers" or "when actually employed", to enable high-level staff to be recruited in certain specialized fields; and the possible development of consultancy service arrangements in agencies. Ways and means might also be found to facilitate an exchange between public and private employment and service overseas with bilateral and multilateral technical co-operation programmes. The greater use of the twinning of institutions in the recipient countries with similar but more mature organizations in other parts of the developing world or in the developed countries is another effective way of transferring know-how and of building management capabilities. The full potential of such schemes as the transfer of knowledge through expatriate nationals (TOKTEN) remains to be exploited on a larger scale than hitherto.

111. There may be as many as 150,000 technical assistance experts active in the developing countries throughout the world. Nearly 10 per cent of these experts would be engaged in projects financed by the United Nations system. The unit costs of technical co-operation personnel are high and are growing, at least in line with world inflation; costs range from the relatively inexpensive but generally effective volunteer, at less than \$10,000 per annum, to the highly qualified expert costing well over \$100,000, reflecting differing levels of skill, knowledge and experience. However, the cost of the expert should not be the sole criterion for recruitment. The system has faced difficulties in attracting expertise of the kind requested by the developing countries, and organizations should be prepared - and provided with the flexibility for so doing - to pay what the market requires in order to attract high-level technical expertise.

112. Recruitment procedures should be further streamlined to provide expertise of the high quality required, taking into account the diversity of country situations. The conditions under which experts are employed should be such as to ensure their effective deployment in developing the self-reliance of the developing countries, and their employment should continue only until such time as qualified national personnel are available. They should have, as a general rule, a proved capacity as trainers. Too often, good technical co-operation personnel are lost because of the lack of tenure commonly associated with field assignments - a problem that is at present aggravated by the current difficulties in maintaining the real value of programmes. Field staff should be protected as far as possible from the full effect of budget cuts.

Training

113. Training is a critical aspect of technical co-operation: the skills and know-how that remain after the completion of the project represent its lasting contribution to the development of the country. Considerable sums are involved in training schemes; such investment should be carefully planned in order to realize effective returns. Training supported by the organizations of the system should be fully integrated with national and sectoral training plans and should strengthen, to the maximum extent possible, local training institutions rather than create new ones. While the concept of a concerted approach is widely accepted, further efforts should be made by the partners involved to overcome existing organizational and administrative difficulties through the better planning and co-ordination of

training and fellowships, so that qualified national staff became available in sufficient numbers to assume project responsibilities in the course of implementation, especially after the departure of the international staff. The dissemination of information on the results of training and fellowship activities carried out in other regions and countries would increase the awareness of Governments of the range of programmes available to them through the United Nations system.

Participation of national staff

114. The effective participation of national staff in the design and implementation of projects is a basic ingredient for the success of technical co-operation, a view that received much support in the intergovernmental decisions on new dimensions in technical co-operation. Operational activities should be thoroughly integrated into the national programmes of recipient countries and maximum use should be made of existing institutions in the implementation of technical co-operation programmes. The failure to develop the project jointly between the national and international staff and to recognize the respective responsibilities of each partner can lead to major hurdles during the implementation phase.

115. Areas that require particular attention, as evidenced by the findings of the recent evaluation studies conducted by a number of organizations in the system, concern the problem identification and project design stage of the project cycle, and the follow-up and utilization of project results. Action is under way by the organizations to improve and, as appropriate, simplify the process of project formulation and implementation and, as discussed below, the strengthening of evaluation.

116. For example, the process of the design and appraisal of projects can be further strengthened through the rigorous application of existing procedures so as to carefully define the objectives, output and work plan of the project. This in turn should lead to clearer distinction than is presently the case between the respective responsibilities of the Government, executing agency and funding agency in the tripartite system for the implementation of the projects, including monitoring and evaluation. The use of national consultants and the strengthening of consultancy firms in the developing countries should also be important objectives of the United Nations system: this is an effective way to offset the disadvantages of tying bilateral technical assistance to procurement in the donor countries, which can often result in the neglect of local expertise.

Execution of projects by Governments

117. One method of ensuring the full participation of the developing countries in operational activities and to promote self-reliance is to entrust Governments and institutions with the execution of programmes and projects. The General Assembly, in its resolution 36/199 of 17 December 1981, requested the Director-General to include in the present report suggestions on specific ways and means of furthering this process. Organizations of the system are currently following up intergovernmental directives regarding the execution of projects by the Governments and institutions of the developing countries and the promotion of the full and

effective government management of projects, while retaining the essential characteristics of multilateral technical co-operation. In some cases - for example, those of UNICEF, WFP and about 20 per cent of the UNEFPA programme - Governments assume responsibility for the execution of projects. In other cases, particularly with regard to UNDP-assisted projects, organizations are taking the necessary measures to enable the developing countries to avail themselves of the modality of government execution if they wish to do so, with the technical contribution and support of the appropriate organization of the system.

118. In the light of the General Assembly's request referred to above, the Governing Council of UNDP, in its decision 82/8 of 18 June 1982, approved arrangements, for an experimental period from 1 January 1983 to 30 June 1985, designed to encourage and facilitate government execution of projects. These arrangements constitute a major step in generating the wider use of the modality of government execution. UNDP field offices are playing an increasing role in assisting Governments to undertake the responsibility for project execution. Further, and as a result of extensive inter-agency discussions, detailed instructions on the employment of nationals with UNDP funds, including the designation of nationals as project co-ordinators, are now being introduced.

Harmonization of procedures

119. In response to paragraph 8 of General Assembly resolution 35/81, the 1982 annual report of the Director-General 25/ contained a review of the progress made to date in achieving greater harmonization of procedures in the area of operational activities for development. Pursuant to its consideration of that report, the General Assembly, in paragraph 21 of resolution 37/226 of 20 December 1982, urged the concerned organizations to take the necessary steps to further that process. ACC had already been seized of the subject matter through its various subsidiary bodies and is taking action in a variety of fields. It has also considered the matter in the wider context of its review of the evolution of the system's operational activities in the 1980s.

120. As a follow-up to the 1982 annual report, the Director-General has initiated a review, in consultation with the organizations of the system, of current and future prospects for the harmonization of procedures. The review was intended to provide a further stimulus to the system's efforts in this regard. It assesses prospects for further harmonization, with particular attention paid to the extent to which the wider objectives of enhancing the effectiveness, and hence, the responsiveness of the system's operational activities, may be served. It also assesses the complementary roles of all partners in operational activities with regard to further harmonization. The results of the review will be placed before ACC which, as requested by the General Assembly in its resolution 37/226, will report on its consideration of this matter in its annual overview report for 1983/1984.

Flexibility in the financing of local and recurrent costs

121. The serious economic situation facing many developing countries has generally inhibited their abilities to meet the local and recurrent costs of aid-financed programmes. Proposals for projects have too often been accepted without a full

assessment of the project's financial implications for the Government's development and recurrent budgets. The difficulties of countries in this respect - especially the least developed and other low-income countries - should not imply that a low priority is ascribed to the project in question. Rather, it means that countries have difficulties in generating sufficient domestic resources to support the aid-financed projects. While the financing of local and recurrent costs is the primary responsibility of the recipient Government, the organizations of the system should be enabled to show appropriate flexibility in the financing of local and recurrent costs of projects and in helping countries to develop repair and maintenance facilities. More rigorous project preparation should carefully evaluate the magnitude of future claims on public resources arising from technical co-operation projects.

B. Effectiveness and efficiency

122. The importance of the efficiency of operations and of the effectiveness of programmes is widely recognized by Member States. Both aspects are discussed in the present section. There are, it must be admitted, differing perceptions regarding an appropriate approach to these issues. All countries accept the necessity of evaluation as an instrument to improve the results of programmes in the interest of beneficiary countries. Evaluation should be seen as an essential management tool: its purpose should be to enhance the quality of technical co-operation and to provide experience for future policies and decision-making. Evaluation is best carried out at the country level, under the leadership of the Government and in partnership with the organizations concerned. An important objective in this respect should be to assist countries, at their request, in strengthening their capacity for implementation and evaluation. Evaluation can also help in demonstrating the results of programmes and in convincing a skeptical public of the effective use of United Nations system resources in contributing to development.

123. It may also be useful to recall in this context the distinction between efficiency and effectiveness which was set out in the 1982 annual report of the Director-General. In that report, it was suggested that effectiveness was a measure of the extent to which an activity achieved its immediate objectives. In broader terms, it relates to the impact of an activity on overall development objectives and on the quality and relevance of a given set of resources in connection with the economic and social development need to which those resources are addressed. Efficiency has to do with the means deployed for achieving the desired results and is a measure of the relationship between the resources used, or the efforts expended, and a given result.

124. In the 1982 annual report, the need was also recognized to shift attention away from judging efficiency in terms of the physical and timely delivery of input and instead to concentrate more fully on the output, or the results of operational activities. A better ratio between costs and effectiveness should be sought through improvements in the latter, as well as through reductions in the former. System-wide action to enhance the efficiency and the effectiveness of operational activities should lead not only to the improved quality and responsiveness of programmes to national needs but also to reduced costs.

1. Evaluation of effectiveness

125. The 1982 annual report also contained, in section III.C, a review of the status of the evaluation of operational activities as of September 1982. It was stated in the report that evaluation was now more widely conducted and better understood in the system, partly as a result of successive studies by JIU; that the amount of activities subject to evaluation had increased but that the absolute level remained still comparatively low; and that the concept of evaluation of operational activities as an integral part of overall planning, programming and budgetary processes had been accepted in principle but not yet fully applied in practice. Also highlighted in the report were a number of factors inhibiting progress in the introduction of more effective evaluation systems, including, for example, the fact that the evaluation of technical co-operation was methodologically less well developed than the evaluation of capital projects.

126. In the short time since that report was issued there have been a number of developments of note regarding system-wide evaluation. In December 1982, JIU issued a report dealing with the support that the system might provide to Governments in helping them to develop their evaluation capabilities (JIU/REP/82/12). JIU also prepared a report in March 1983 on ways and means of strengthening the evaluation system of UNDP (JIU/REP/83/5). The Intersessional Committee of the UNDP Governing Council held an extensive discussion on the question of evaluation. The Committee recognized that considerable progress had been made in improving evaluation in UNDP in recent years and agreed that there was a need to strengthen this function further. Subsequently, the Administrator of UNDP indicated that appropriate steps would be taken to establish a central evaluation unit, financed out of savings in the overall budget, which would exercise leadership in introducing gradually the needed improvement in UNDP evaluation procedures and practices. ACC, at its regular session of 1983, decided to take measures to improve the monitoring and evaluation of operational activities at the country level, through emphasis on the importance of fully involving the Governments of recipient countries in the monitoring and evaluation of projects sponsored by the system; the training of staff required to carry out effective evaluation; and the need to improve feedback mechanisms, including where financially possible, evaluation memory banks. An evaluation of the UNDP-financed technical co-operation activities of UNIDO in the field of manufacturers ^{26/} was submitted to the Committee for Programme and Co-ordination at its twenty-third session, and will also be considered by the Governing Council of UNDP and the Industrial Development Board of UNIDO.

127. Action is, therefore, under way to improve evaluation systems. JIU is continuing to develop its role in fostering and strengthening evaluation in the system, and should be encouraged to continue its informal and useful meetings on evaluation. The UNDP ad hoc inter-agency working group on evaluation will henceforth meet regularly to consider how best to harmonize the design and evaluation improvements currently being considered by UNDP with those of the agencies, as well as to carry out a general review of common evaluation issues that affect UNDP and the executing agencies of the system.

128. In the 1982 annual report, a number of measures were suggested to strengthen evaluation further. It was suggested, for example, that evaluation should be seen primarily in the context of national development needs as a means of improving the quality of the contribution of a project to development; that ways and means should be explored (namely, the JIU report on the subject) of helping Governments to develop their own evaluation capabilities; that evaluation should be built into the project cycle; and that more effective steps should be taken to ensure that evaluation findings are assembled, maintained in a memory bank, analysed and followed up in subsequent operations.

129. These recommendations are still valid. It is again emphasized that since host Governments are responsible for the management of their development projects assisted by the system, the evaluation of such projects should be carried out under the leadership of the Government concerned, in partnership with the relevant organizations. This would enable organizations to participate in further evaluation within their present resources and would permit Governments to develop evaluation expertise that could be applied to other development activities. It will take time for the present improvements in evaluation to be fully effective, but it is clear that organizations are endeavouring to strengthen their evaluation systems.

2. Efficiency of operations

130. The assessment of the efficiency of organizations as a whole represents a different set of issues. The achievement of optimal efficiency and the reduction of administrative costs, with a consequential increase in the proportion of resources channelled directly to recipient countries, has been a concern of Member States for many years. It is particularly acute at the present time, given the growing scarcity of resources and the urgent necessity to ensure quality programmes that achieve desired results at minimal cost. Because of the asymmetrical nature of the relationship between administrative costs and programme outlays, resource constraints are likely to spur rather than inhibit the search for administrative economies and programme improvements.

131. Economies in cost have two dimensions - more efficient ways of delivering the same value of assistance through economizing on the cost of project input, and efficiency in the use of administrative and support services. Organizations of the system are currently exploring ways and means of achieving economy while maintaining quality - for example, the use of national experts and institutions, greater recourse to volunteers and associate experts, greater procurement in recipient and/or other developing countries, and the use of national or regional training institutions. As has been indicated in previous reports of the Director-General, organizations are also seeking optimal efficiency in administrative and management services.

Programme delivery and administrative costs

132. The General Assembly, in paragraph 20 of its resolution 37/226, requested that the present report contain a comparative analysis of the relationship between programme delivery and administrative costs pertaining to operational activities for development. Such an analysis poses at the outset a number of conceptual and methodological issues. It should be strongly emphasized again that efficiency cannot be judged solely in terms of costs alone: it also requires consideration of the nature and results of activities to allow for a more complete cost-effective analysis of expenditures. A further problem is the absence of an acceptable norm or bench-mark against which valid judgements may be made. Suggestions that the United Nations system is inefficient have seldom been backed by tangible and objective evidence to support such assertions. However, in a system as complex as that of the United Nations, there must always be room for improvement and greater efficiency.

133. The issue of the assessment of efficiency is bedevilled by the absence of reliable and firm data on costs, in spite of numerous efforts made in the past to throw light on the issue. As indicated in the 1982 annual report, steps are being taken to introduce, in agreement with the executing agencies, arrangements for ex post facto report on agency support costs, pursuant to decision 80/44 of the Governing Council of UNDP. The new reporting arrangements were recently tested by UNDP and executing agencies, and steps are being taken to improve the quality of reporting by eliminating the shortcomings that were identified. The Administrator of UNDP will report to the Governing Council at its thirtieth session on the progress made to date, and it is at present expected that the system will be in full effect in 1984 for all agencies. The absence of the basic data - some of which had been expected to be available at the time of the preparation of the present report - means that it is not possible in the present report to undertake a comparative analysis of the relationship between programme delivery and administrative costs.

134. Such an analysis would, in any event, require agreement as to the volume of programme delivery or outlay against which administrative costs should be measured. For example, the denominator could include the government contribution to projects. Field offices could be regarded as part of the services provided to Governments, analogous to the recent DAC decision to treat certain administrative costs as part of ODA. Certain types of programme support activities undertaken by organizations could also be likewise regarded. There is also a need to consider how to treat the services provided by some organizations to other organizations. UNDP, for example, undertakes co-ordination functions at the country level, represents other organizations and provides administrative and programming services, without partial or full reimbursement, as part of its responsibilities to the host country and on behalf of other organizations of the system. Furthermore, some administrative expenditures are, in effect, fixed costs that are unrelated to the absolute size of field programmes (e.g., the meetings of governing bodies). Any statistical analysis is further compounded by the effect of exchange rate fluctuations which conceal changes in real costs and by the absence of commonly accepted definitions and terms among the organizations. Finally, attempts to

compare administrative costs to programme delivery in different types of operational activities should take fully into account the difficulty - if not the impossibility - of contrasting, for example, the administrative costs of assigning an expert to the field with that of procuring equipment or dispatching supplies.

135. These points may be briefly illustrated by reference to the case of UNDP. When relating administrative and programme support costs to a total programme, including the government contribution, supported by UNDP, then the ratio of costs to the thereby larger programme falls by about one half. If the full cost of the UNDP field structure is regarded as a service to Governments, and is thereby excluded from the figure for administrative costs, the ratio falls significantly. The inclusion of elements of the programmes that UNDP also services at the field level with no or only partial reimbursement would reduce this ratio even more. This illustrates the drawbacks to devising a simplistic quantitative relationship between the monetary value of project costs and of administrative and programme support costs. Further, it is commonly accepted that technical co-operation has higher administrative costs than other forms of assistance and that it is misleading to compare the administrative costs of a technical co-operation programme with those of a programme that provides financial assistance. There is, in fact, no convincing comparative norm against which such costs can be measured.

136. When the ex post facto reporting system comes into full effect, the possibilities for undertaking a comparative analysis of the kind requested by the General Assembly will become more feasible. The review of the initial data provided by the reporting system will no doubt provide the basis for consideration of possible ways and means of providing clearer information on support costs.

137. Clearer information should remain an objective to be sought by Member States and secretariats alike over the next few years. In the meantime, maximum use could be made of existing arrangements for the review of administrative and support costs in order to enable Member States to make reasoned judgements about the efficiency of the system's operational activities. The development of reliable quantitative data in relation to the experience of broadly similar organizations outside the system which are engaged in development work would also be helpful in seeking to show whether *prima facie* the system's operational activities are more or less costly to administer than other basically similar types of development co-operation.

138. The report of the Secretary-General on the technical co-operation activities of the United Nations (DP/1983/18 and Add.1 and 2), includes, in response to General Assembly resolution 37/232 of 20 December 1982, a quantitative and qualitative analysis of the relationship between programme delivery and administrative costs for the operational activities of the Department of Technical Co-operation for Development of the United Nations Secretariat. Total delivery amounted to \$126.9 million against approved budgets of \$150.5 million. Expenditure against programme support cost resources amounted to \$20.2 million. In more qualitative terms, it was reported that the Department was trying to adjust to a contracting resources environment, as well as to the shift in priorities on the part of some of its main funding partners, without detracting from the quality of the services rendered, and that it was doing so by attempting to improve overall and sectoral substantive effectiveness, through improved management procedures and greater fiscal restraint.

139. In subsequent annual reports, the Director-General will inform the General Assembly, as was done in the 1982 annual report, on the steps being taken by the organizations of the system to improve efficiency using, as appropriate, the data developed through the ex post facto reporting system on agency support costs, to which reference was made above.

140. A final point is that the system has a built-in capacity to deliver a much larger programme than at present, at little additional cost. There is also evidence that operational programmes could be more efficiently conducted and attain greater impact with more resources. There are, in effect, significant economies of scale. The marginal costs of administering a larger programme are considerably less than the present average cost and are probably negligible. It therefore follows that additional resources can be channelled through the system to the developing countries at short notice, without adding to the administrative structures of organizations. This important factor should be borne in mind when the international community discusses the choice of alternative channels available to donors in a position to significantly increase their current ODA flows.

C. Coherent action at the country level

141. The technical co-operation and capital aid provided by the organizations and agencies of the system are designed to help support national development programmes which reflect each country's own chosen path to development. Although they vary from country to country, the development programmes of developing countries generally have the common characteristic of being flexible, providing alternate scenarios for development that would permit optimal use of external assistance, whenever - and in whatever form - that assistance becomes available. In the least developed countries in particular, national development priorities are largely conditioned by the availability of external assistance and the conditions attached to its use, if any.

142. In response to General Assembly resolution 32/197 of 20 December 1977, the United Nations system has evolved patterns of inter-agency co-operation at the country level in an essentially pragmatic and flexible manner, that is, generally responsive to the needs of individual developing countries. The General Assembly, in resolution 37/226, requested that the present report contain information on the measures taken to date to improve coherence and effective integration at the country level, along with recommendations, with specific reference to the role of resident co-ordinators in the co-ordination of operational activities.

143. The test of the system's relevance in meeting the specific needs of recipient countries can best be made at the country level. It is at that level that funding and executing agencies can best discuss with government authorities the nature and form of the assistance that they would be in a position to provide to the country concerned and that could be matched with contributions from bilateral and other multilateral sources. Better interaction between country representatives of the United Nations system and overall and sectoral planning authorities would facilitate, inter alia, improved coherence of action at the country level. The field offices of UNDP, in collaboration with the field offices of other

organizations can help in facilitating the integration of international programmes of assistance provided by the system, as well as the complementarity of operational activities. 27/ The real value of field offices lies in their ability to provide to Governments an additional development service pertaining to the implementation of their development programmes, and to organizations a better understanding of, and an enhancement of their responsiveness to, the development needs and overall priorities of developing countries.

144. In order to enable them to carry out more effectively their operations at the country level, organizations of the system have considerably strengthened their field offices in recent years. The resultant increase in the activities of the organizations concerned in the recipient countries may reinforce the need for improved coherence of action at the country level among funding and executing organizations.

145. A common approach to the provision of assistance from the United Nations system to individual countries will help to strengthen the national and sectoral development programming adopted by recipient countries. In times of scarce resources, coherence of action at the country level may also contribute to limiting the injudicious use of external resources by reducing to a minimum the duplication of action due, *inter alia*, to an inadequate circulation of information among organizations. It may also encourage organizations to concentrate on the most important issue, namely that of ensuring efficient support to the development efforts of recipient Governments by a properly planned complementarity of action among the various components of the system. In the present context, it is important also to emphasize that improved inter-agency co-ordination arrangements at the policy level would greatly contribute to better collaboration at the country level.

146. Coherence of action is not an objective *per se*; neither is it an administrative requirement. It should be promoted to the limit determined by the complementarity of activities, both to improve the responsiveness of the system to the changing needs of the developing countries and to increase overall efficiency. The pursuit of coherence of action within the system and the exercise by the Government of its own co-ordination arrangements are interdependent and mutually reinforcing. Experience suggests that the effectiveness of inter-agency co-ordination arrangements at the country level depend in part on the extent to which Governments exercise their co-ordinating role for the utilization of external assistance and in part on the quality and depth of the arrangements themselves. Effective co-operation at the country level requires a sense of collective purpose that transcends the interests of individual organizations in providing assistance to the recipient countries.

147. It is in this spirit that these issues should be addressed. The new arrangements introduced since 1980 have helped to promote further the coherence of action at the country level in support of the Government's own co-ordination arrangements. Nevertheless, there is general agreement by ACC that further measures can and should be taken to improve the complementarity and coherence of programmes and policies at the country level in order to support the development programmes of the developing countries.

148. These measures, set out in ACC decision 1983/1, include the following:

(a) Firstly, the major thrust of United Nations system efforts for achieving complementarity and coherence of action at the country level should continue to be towards assisting developing countries, at their request, in enhancing their central and sectoral planning, programming and project implementation capacity. Concerted action should be taken to assist the developing countries in the strengthening of their central, as well as sectoral, planning units and related mechanisms for the programming and co-ordination of external input;

(b) Secondly, organizations of the United Nations system should assist Governments to prepare national programmes that would provide a framework for the identification of the input that is to be financed from domestic sources and that which could be financed either by the United Nations system or from bilateral sources and non-governmental organizations. The organizations of the United Nations system should seek practical ways of involving bilateral aid agencies in this regard;

(c) Thirdly, efforts should continue to be made towards adjusting the concept and practice of country programming to the specific circumstances of each developing country and using it, to the extent feasible, as a frame of reference for continuing consultations between the national authorities and representatives of multilateral and other aid agencies on the identification of needs and the application of the various sources of funding available to Governments.

Organizations of the system will be exploring ways and means of following up this decision.

149. The system of resident co-ordinators of United Nations operational activities for development has been set in place to strengthen the process of inter-agency co-operation at the country level. Although it is too early to judge whether these new arrangements will make a significant contribution to the objective of concerted action at the country level, Governments and organizations of the system have welcomed the arrangements whereby a single official is designated, in accordance with the provisions of paragraph 34 of the annex to General Assembly resolution 32/197, overall responsibility for and co-ordination of, operational activities of the system at the country level.

150. In its resolution 37/226, the General Assembly invited ACC to report to the Economic and Social Council at its second regular session of 1983 and to the General Assembly at its thirty-eighth session on the outcome of the ACC review of the "arrangements for the exercise of the functions of resident co-ordinator". These arrangements were originally adopted by ACC on a provisional basis and are subject to review in the light of experience and further legislative decisions. Information was provided to ACC on, firstly, the results of the consultations that resident co-ordinators had been requested to conduct with the Governments concerned on the manner in which they might best be enabled to exercise their functions and, secondly, on the views expressed by organizations on their experience to date with the arrangements. After consideration of this information, ACC decided, inter alia, that the system of resident co-ordinators had been in place for too

brief a period to permit a firm judgement regarding the new arrangements. The Committee noted that the manner in which the resident co-ordinators had been exercising their functions also varied from country to country, conditioned by the views of the Government concerned and of the Government's own arrangements for the co-ordination of external assistance, the extent of agency representation in each country and the nature of operational activities carried out by the organizations of the system in the country concerned. The Committee drew attention to the satisfaction explicitly expressed by a number of Governments with the present arrangements for the co-ordination of the United Nations system's operational activities at the country level within the framework of General Assembly resolutions 32/197 and 34/213 and the ACC arrangements. The Committee concluded that the arrangements for inter-agency collaboration at the country level, including arrangements for the functioning of the resident co-ordinator, should be allowed to develop further in a flexible and pragmatic manner. 28/

151. Other measures are in train. ACC has decided that the practice of periodic meetings between the resident co-ordinator and agency representatives should be further strengthened. It has also agreed that a number of other measures pertaining to the functions of the resident co-ordinator will be kept under review, such as, for example:

(a) The provision of further guidance to resident co-ordinators on the exercise of their distinctive functions, distinguishing these from any other responsibilities they may have as representatives of other organizations, in particular as resident representatives of UNDP;

(b) The strengthening of arrangements at the country level for a better exchange of information between Governments, agency representatives and resident co-ordinators and the encouragement of the participation in this process of bilateral agencies and non-governmental organizations;

(c) Putting into effect arrangements by which resident co-ordinators would prepare an annual country review report.

152. The round tables of UNDP and the consultative group meetings of the World Bank, organized in partnership with the least developed and other developing countries, are of particular importance. Arranged with the technical support of the appropriate agencies of the system, these meetings help in the co-ordination of assistance at the country level among organizations of the system and organizations representing bilateral aid. At such meetings, developing countries make known their economic and social programmes and carefully present detailed information about their needs for external assistance, both in quantitative and qualitative terms. They are a particularly effective mechanism in the context of the follow-up at the country level to the provisions of the Substantial New Programme of Action for the 1980s for the Least Developed Countries. In accordance with the provisions of the Substantial New Programme of Action, the resident co-ordinators mobilize action at the country level and with agency representatives, play a prominent role in the organization of round tables. Although round tables and consultative group meetings are not designed primarily to ensure co-operation within the system, they nevertheless contribute to better coherence of action among the organizations of the system at the country level and therefore should be allowed to develop in a pragmatic manner, according to the interests of each particular country.

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VI. ARRANGEMENT FOR INTERGOVERNMENTAL REVIEWS OF OPERATIONAL ACTIVITIES

153. In the present section of the report, present arrangements for central intergovernmental reviews of operational activities are recalled and some suggestions are made for further consideration. Over the past few years, the General Assembly has decided to conduct a triennial policy review of operational activities, beginning in 1983; requested the Director-General for Development and International Economic Co-operation to provide the necessary information to enable the Assembly to conduct a regular review and appraisal of the mobilization of resources for operational activities and to report on the implementation of paragraphs of General Assembly resolutions related to operational activities; and requested the Director-General to provide on an annual basis comprehensive statistical information on operational activities.

154. Both the Economic and Social Council and the General Assembly receive reports of the governing bodies of the development co-operation organizations of the United Nations and are kept regularly informed of the work of other organizations in the system. Further, it may be noted that the General Assembly has, over the past few years, become more deeply involved in the consideration of system-wide issues pertaining to operational activities, a reflection of the importance that Member States attach at the highest political level to this aspect of the economic and social work of the United Nations.

155. In the light of these considerations, the following may be helpful as a starting point for further discussion. It should be recalled that annual disbursements on operational activities currently exceed \$2 billion. The governing bodies of the specialized agencies and other organizations of the system regularly review the operational activities of individual organizations. In the light of such reviews, there may well be merit in examining whether present arrangements for central intergovernmental reviews are felt to be adequate. For example, the Economic and Social Council may wish to see how best it may exercise its responsibilities to "carry out comprehensive policy reviews of operational activities throughout the United Nations system, bearing in mind the need for balance, compatibility and conformity with the priorities established by the General Assembly of the system as a whole" (para. 5 (d) of the annex to Assembly resolution 32/197). The Council may wish to consider the ways and means by which it could further enhance its consideration of successive triennial reviews in preparation for the discussions in the General Assembly.

156. The composition and role of the General Assembly make it an appropriate forum for the review of overall strategies, policies and priorities for the system as a whole with respect to operational activities. It may therefore be useful for the Assembly to consider measures to enable its Second Committee to discharge effectively its responsibilities in this regard, particularly in the context of triennial reviews and of the regular review and appraisal of the mobilization of resources.

157. In addition, there could be a need in connection with the review and appraisal of the International Development Strategy for the Third United Nations Development

Decade for a more focused and in-depth examination of issues relating to the responsiveness of the United Nations system's operational activities in the context of the changing and emerging needs of the developing countries in the years ahead. This examination could be conducted by high-level functionaries in national administrations vested with the responsibility for overall and sectoral planning. Such an ad hoc high-level consultation among representatives of both developed and developing countries should be preceded by adequate preparations in which the specialized agencies and other organizations of the system would be fully involved.

158. In order to respond to the requirements of the General Assembly in the context of its regular review and appraisal of resource mobilization, the necessary arrangements will be made, starting in 1984, to improve further the range and quality of statistical and other information pertaining to operational activities. More specifically, it is the present intention to seek to include information, together with the appropriate analysis, in subsequent annual reports on, inter alia, administrative and other support costs, in accordance with the ex post facto reporting system on support costs referred to earlier in the present report; on system-wide procurement in the area of operational activities; and on the agency and sectoral distribution of expenditures on operational activities.

159. More generally, there is as yet no authoritative source on global flows of technical co-operation, aside from the data published by OECD with respect to the bilateral technical co-operation of the DAC member countries and the data, provided in the reports of the Director-General for Development and International Economic Co-operation, on the technical co-operation channelled through the organizations of the system. Some estimates put current levels of technical co-operation at a little short of \$10 billion a year. In view of the central role played by the United Nations system in technical co-operation and of the relationship between such co-operation and total flows of technical assistance, there may well be merit in examining whether an appropriate initiative from the United Nations might be helpful in establishing an internationally acceptable global statistical reporting basis for technical co-operation. In turn, this would place the United Nations system in the wider context of development co-operation and thereby materially improve the quality and depth of intergovernmental reviews of the system's activities.

Notes

- 1/ See para. 5 of the present note by the Secretary-General.
- 2/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.
- 3/ General Assembly resolutions 2626 (XXV) of 24 October 1970 and annex to Assembly resolution 35/46 of 5 December 1980.
- 4/ See World Health Organization, Global Strategy for All by the Year 2000 (Geneva, 1981).
- 5/ See Food and Agriculture Organization of the United Nations, Agriculture: Toward 2000, Economic and Social Development Series, No. 23 (Rome, 1981).

6/ See Report of the United Nations World Population Conference, Bucharest, 19-30 August 1974 (United Nations publication, Sales No. E.75.XIII.3), chap. I.

7/ The State of the World's Children, 1982-83.

8/ A small share of operational activities carried out by the system are concerned with the financing of infrastructural projects, such as the building of roads, schools, hospitals and water systems. However, most of the external capital assistance provided to the developing countries in this field of activity is provided by the multilateral development banks, from private or bilateral aid, or from non-official sources.

9/ Annex to General Assembly resolution 2688 (XXV) of 11 December 1970.

10/ The annual report of the Administrator of UNDP for 1982 (DP/1983/6) contains a description of a number of accomplishments in UNDP-supported technical co-operation activities. Detailed information on programmes and projects of United Nations organizations can be found in their annual reports.

11/ Published for the World Bank by the Oxford University Press, 1982.

12/ DP/1983/6.

13/ Report of the Joint Inspection Unit entitled "Evaluation of technical co-operation activities of the United Nations system in Sri Lanka" (E/1980/82), para. 147.

14/ Bilateral programmes are usually concentrated on a small number of countries. A review of the bilateral aid provided by DAC member countries indicates that, on average, 40 per cent of the assistance provided by donor countries goes to no more than five countries.

15/ See Report of the United Nations Conference on the Least Developed Countries, Paris, 1 to 14 September 1981 (United Nations publication, Sales No. E.82.I.8), part one, sect. A.

16/ See Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August to 12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

17/ A/35/224 and Corr.I, annex.

18/ More recent data on contributions will be provided in an addendum to the present report, to be issued for the consideration of the General Assembly.

19/ Excluding the technical co-operation provided by the World Bank. If the Bank were included, the share of UNDP would fall from two thirds in 1968 to less than one third in 1981.

20/ Common Crisis, North-South: Co-operation for World Recovery: The Brandt Commission, 1983 (London, Pan Books Ltd., 1983).

21/ Official Records of the Economic and Social Council, 1983, Supplement
No. 6 (E/1983/16).

22/ As far as food aid is concerned, the nature of the resource makes its procurement in the donor country the rule.

23/ Annex to General Assembly resolution 3405 (XXX) of 28 November 1975.

24/ DP/334.

25/ A/37/445 and Add.1, annex.

26/ E/AC.51/1983/5 and Add.1.

27/ Attention is drawn in this respect to the recent JIU report on UNDP field offices (JIU/REP/83/4).

28/ For the full text of the ACC statement, see the annual overview report of ACC for 1982/83 (E/1983/39).

Appendix

EXCERPTS FROM GENERAL ASSEMBLY RESOLUTIONS PERTAINING TO THE
1983 COMPREHENSIVE POLICY REVIEW OF OPERATIONAL ACTIVITIES
FOR DEVELOPMENT

General Assembly resolution 35/81 of 5 December 1980, entitled "Comprehensive policy review of operational activities for development" (adopted in the light of the 1980 policy report of the Director-General)

"Decides to undertake a comprehensive policy review of operational activities in 1983, and thereafter every three years, on the basis of a coherent, integrated and systematic approach" (para. 13).

"Requests the Secretary-General, for the purpose of the next policy review, to entrust the Director-General for Development and International Economic Co-operation with the preparation of a report on policy issues pertaining to operational activities for development undertaken by the United Nations system, based on the methodology utilized in his report to the General Assembly at its thirty-fifth session, [A/35/224 and Corr.1, annex] and the provisions of the present resolution, as well as the views and comments of delegations on the issue of operational activities for development at the second regular session of 1980 of the Economic and Social Council and at the thirty-fifth session of the Assembly, for submission to the Assembly through the Council" (para. 15).

"Requests the Director-General also to include in his report:

" (a) Recommendations arising from paragraph 7 above, [a/] together with his own recommendations;

" (b) An elaboration of the suggestion that gaps exist in the operational activities of the United Nations system, especially in relation to the restructuring of international economic relations, and suggestions as to ways and means of filling such gaps, thereby strengthening the United Nations system and making it more responsive to the needs of the developing countries" (para. 16).

General Assembly resolution 36/199 of 17 December 1981, entitled "Operational activities for development" (adopted in the light of the 1981 annual report of the Director-General)

"Reiterates its invitation to the governing bodies of the relevant organs, organizations and bodies of the United Nations system, as appropriate, to consider new and specific ways and means of mobilizing increased resources for operational activities for development on an increasingly predictable, continuous and assured basis and requests the Director-General for Development and International Economic Co-operation to take into account the outcome of these considerations in the preparation of his report to be submitted to the General Assembly at its thirty-eighth session" (para. 8).

"Requests the Director-General for Development and International Economic Co-operation to include in his report to the General Assembly at its thirty-eighth session recommendations on specific ways and means of increasing the participation of developing countries in the execution of programmes and projects of the operational activities for development of the United Nations system, bearing in mind paragraphs 8, 9 and 10 of Assembly resolution 35/81" (para. 11).

"Invites the governing bodies of the organs, organizations and bodies of the United Nations system engaged in operational activities to take the action requested in paragraphs 8, 9 and 11 of General Assembly resolution 35/81, and invites the Secretary-General and the heads of those organs, organizations and bodies to provide information on the action taken by the governing bodies and requests the Director-General for Development and International Economic Co-operation to include that information, together with his own recommendations, in his report to the Assembly at its thirty-seventh and thirty-eighth sessions ..." (para. 12).

General Assembly resolution 37/226 of 20 December 1982, entitled "Operational activities for development of the United Nations system" (adopted in the light of the 1982 annual report of the Director-General)

"Requests the Director-General for Development and International Economic Co-operation to examine, in the comprehensive policy review of operational activities to be submitted, together with his recommendations, to the General Assembly at its thirty-eighth session, taking into account the relevant paragraphs of his report and all other pertinent considerations, the feasibility and usefulness of establishing targets for voluntary contributions, including annual growth rate targets, for those funds and programmes for development activities covered by the United Nations pledging conferences where such targets do not exist, and the strengthening of the review and appraisal procedures, and to comment on the existing system of pledging conferences and make specific proposals aimed at establishing more effective procedures for the mobilization of resources" (para. 6).

"Requests the Director-General for Development and International Economic Co-operation to include in his 1983 comprehensive policy review an examination of the extent and implications of the growing practice of contributions being provided to organizations with conditions attached to their use" (para. 17).

"Requests the Director-General for Development and International Economic Co-operation to report on the implementation of paragraphs 18 and 19 of the present resolution [b/] and to include in his comprehensive policy overview a comparative analysis of the relationship between programme delivery and administrative costs pertaining to operational activities for development executed by organs, organizations and bodies of the United Nations system" (para. 20).

"Reiterates the importance of co-ordination of multilateral development assistance at the field level and requests the Director-General for Development and International Economic Co-operation to pay particular attention, in the comprehensive policy review of operational activities of 1983, to the need for improved coherence of action and effective integration at the country level in accordance with section V of the annex to resolution 32/197 and paragraph 11 of resolution 35/81, including a report on measures taken to date in this regard, together with his recommendations thereon, with specific reference to the role of resident co-ordinators in the co-ordination of operational activities of the United Nations system" (para. 22).

Notes

a/ Paragraph 7 reads as follows:

"Invites the governing bodies of the relevant organs, organizations and bodies of the United Nations system, as appropriate, to consider new and specific ways and means of mobilizing increased resources for operational activities for development on an increasingly predictable, continuous and assured basis".

b/ Paragraphs 18 and 19 read as follows:

"18. Takes note of the measures being pursued to reduce costs and to improve efficiency described in the report of the Director-General for Development and International Economic Co-operation, and urges the Secretary-General and the executive heads of organs, organizations and bodies of the United Nations system to seek to minimize administrative and other support costs without affecting the field programmes and the network of United Nations Development Programme offices in developing countries and bearing in mind the need to maintain an appropriate level of support functions, with a view to increasing the proportion of resources available to improve the programme delivery to developing countries;

"19. Requests the organs and bodies of the United Nations receiving resources of an extrabudgetary nature, such as support cost payments, to include information on these resources and their utilization in the reports to their governing bodies, and invites the governing bodies of the organizations of the United Nations system receiving support cost payments from Governments and voluntary funds to examine information thereon".
