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UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

FIFTEENTH SESSION

(22 January — 13 February 1973)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FIFTY-FIFTH SESSION

SUPPLEMENT No. 2

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NOTE

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

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INTRODUCTION

1. The Governing Council held its fifteenth session at United Nations Headquarters, New York, from 22 January to 13 February 1973.
2. The Council's Budgetary and Finance Committee met from 18 January to 5 February, also at United Nations Headquarters, to consider administrative, budgetary and financial matters referred to it by the Council.
3. The present report was adopted by the Governing Council at its 366th meeting, on 13 February 1973, for submission to the Economic and Social Council at its fifty-fifth session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

CHAPTER I

ORGANIZATION OF THE SESSION

Attendance

4. Members of the Governing Council represented at the session, States represented by observers, organizations in the United Nations system and other intergovernmental bodies represented at the session are listed in annex I to this report.

Election of officers

5. In accordance with rule 11 of its rules of procedure, the Governing Council at the opening meeting of the fifteenth session elected the following officers: Mr. Antoine Dakouré (Upper Volta), President; Mr. Sigismond Marcuard (Switzerland), First Vice-President; Mr. Ion Datcu (Romania), Second Vice-President; Mr. Eustace E. Seignoret (Trinidad and Tobago), Third Vice-President; and Mr. Hayat Mehdi (Pakistan), Rapporteur.

6. At the opening meeting of the Budgetary and Finance Committee, on 18 January 1973, Mr. Sigismond Marcuard (Switzerland) was appointed Chairman of the Committee by the President of the Governing Council for 1972, Mr. Hans Kastoft (Denmark), and confirmed as Chairman for 1973 by the President of the Council for 1973, following his election on 22 January 1973. Mr. Gregor Woschnagg (Austria) was re-elected Rapporteur of the Committee.

Agenda

7. The agenda adopted for the fifteenth session was as follows:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda (DP/L.249/Rev.1 and DP/L.270).
4. Country and intercountry programming and projects:
 - (a) Consideration, in private meetings, and approval by the Council of individual country programmes:

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(BRAZIL: DP/GC/BRA/R.1 and DP/GC/BRA/R.1/RECOMMENDATION,

BRITISH SOLOMON ISLANDS: DP/GC/SOI/R.1 and DP/GC/SOI/R.1/RECOMMENDATION,

BURMA: DP/GC/BUR/R.1 and DP/GC/BUR/R.1/RECOMMENDATION,

CUBA: DP/GC/CUB/R.1 and DP/GC/CUB/R.1/RECOMMENDATION,

DAHOMEY: DP/GC/DAH/R.1 and DP/GC/DAH/R.1/RECOMMENDATION,

DEMOCRATIC YEMEN: DP/GC/PDY/R.1 and DP/GC/PDY/R.1/RECOMMENDATION,

ECUADOR: DP/GC/ECU/R.1 and DP/GC/ECU/R.1/RECOMMENDATION,

EGYPT: DP/GC/EGY/R.1 and DP/GC/EGY/R.1/RECOMMENDATION and Corr.1,

GUATEMALA: DP/GC/GUA/R.1 and Corr.1 and DP/GC/GUA/R.1/RECOMMENDATION,

HAITI: DP/GC/HAI/R.1 and Corr.1 and DP/GC/HAI/R.1/RECOMMENDATION,

ISRAEL: DP/GC/ISR/R.1 and Corr.1 and DP/GC/ISR/R.1/RECOMMENDATION,

IVORY COAST: DP/GC/IVC/R.1 and DP/GC/IVC/R.1/RECOMMENDATION,

JORDAN: DP/GC/JOR/R.1 and Corr.1 and DP/GC/JOR/R.1/RECOMMENDATION and Corr.1,

MALAWI: DP/GC/MLW/R.1 and DP/GC/MLW/R.1/RECOMMENDATION,

NEPAL: DP/GC/NEP/R.1 and DP/GC/NEP/R.1/RECOMMENDATION,

REPUBLIC OF KOREA: DP/GC/ROK/R.1 and DP/GC/ROK/R.1/RECOMMENDATION,

SINGAPORE: DP/GC/SIN/R.1 and DP/GC/SIN/R.1/RECOMMENDATION,

SYRIAN ARAB REPUBLIC: DP/GC/SYR/R.1 and DP/GC/SYR/R.1/RECOMMENDATION and Corr.1,

THAILAND: DP/GC/THA/R.1 and Corr.1 and DP/GC/THA/R.1/RECOMMENDATION,

TONGA: DP/GC/TON/R.1 and DP/GC/TON/R.1/RECOMMENDATION,

WESTERN SAMOA: DP/GC/WES/R.1 and DP/GC/WES/R.1/RECOMMENDATION,

YUGOSLAVIA: DP/GC/YUG/R.1 and DP/GC/YUG/R.1/RECOMMENDATION,

ZAMBIA: DP/GC/ZAM/R.1 and DP/GC/ZAM/R.1/RECOMMENDATION and Corr.1 and 2);

- (b) Consideration, in private meetings, and approval by the Council of projects recommended by the Administrator:
(DP/PROJECTS/R.2 and Corr.1, Add.1 and Corr.1, Add.2 and Corr.1 and 2, Add.3 and Corr.1 and Add.4-6);
 - (c) Report by the Administrator on projects approved between the fourteenth and fifteenth sessions (DP/L.257 (Vol. I and Corr.1 and 2; Vol. II; Vol. III and Corr.1; Vol. IV and Corr.1; Vols. V-VII));
 - (d) Review of regional and interregional projects (DP/L.256);
 - (e) Further assessment of experience in country programming (DP/L.261);
 - (f) Further review of criteria to be followed in calculating indicative planning figures for the 1977-1981 period (DP/L.259 and Corr.1);
 - (g) Report on special measures in favour of the least developed among developing countries (DP/L.263).
5. Financial matters:
- (a) Revised estimates of resources and Programme costs for 1973 and for the period 1972-1976 (DP/L.262 and Corr.1);
 - (b) Arrangements for the custodianship of UNDP funds (DP/L.253);
 - (c) Progress report on agency overhead costs (DP/L.251 and Add.1-3);
 - (d) Audit reports (DP/L.264);
 - (e) Programme reserve (DP/L.266).
6. Administrative and budgetary matters:
- (a) Report by the Administrator on arrangements to provide advice and support to Resident Representatives in sectoral fields (DP/L.260);
 - (b) UNDP participation in the proposed United Nations staff college and staff training programmes of UNDP (DP/L.255);
 - (c) Report by the Administrator on headquarters premises of UNDP;
 - (d) Revised budget estimates for the administrative and programme support services of UNDP for the year 1973 (DP/L.250);
 - (e) Management inspections and audits in UNDP (DP/L.254);
 - (f) General outline of budget estimates for the year 1974 (DP/L.267).
7. Draft omnibus statute for the Programme for consideration by the General Assembly (General Assembly resolution 2688 (XXV)) (DP/L.177 and Add.1-4; DP/L.206 and Add.1-4).

8. Action taken in 1972 by organs of the United Nations and related agencies on matters relating to UNDP (DP/L.269 and Add.1 and 2).
9. United Nations Capital Development Fund (DP/L.258 and Corr.1).
10. United Nations Fund for Population Activities (General Assembly resolution 3019 (XXVII)) (DP/L.268).
11. Date and provisional agenda of the sixteenth session of the Governing Council.
12. Other matters:
 - (a) Convening of a working group pursuant to General Assembly resolution 2974 (XXVII);
 - (b) Arrangements for broadening the experience of young specialists from developing countries in other countries in the field of natural resources exploration and development (DP/L.252);
 - (c) Housing for development personnel (DP/L.265).
13. Draft report of the Governing Council to the fifty-fifth session of the Economic and Social Council (DP/L.271 and Corr.1 and Add.1-3).

Summary records of meetings

8. The summary records of the meetings of the fifteenth session of the Governing Council were issued as documents DP/SR.341-366.

Private meetings

9. Nine private meetings of the Council were held to consider the 23 country programmes and six projects recommended for the Council's approval under item 4 (a) and (b) of the agenda.

CHAPTER II

COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

A. COUNTRY PROGRAMMES

10. Under subitem 4 (a) of its agenda, the Governing Council had before it for consideration and approval 23 country programmes, each of which was accompanied by a note by the Administrator containing his recommendations. The note by the Administrator covering each country programme also described the nature of the programming exercise, the relation of the country programme to the development plan or development objectives of the Government, the content of the country programme by sector and subsector, the utilization of UNDP inputs over the programming period, and, where relevant, the special development problems and needs of the country.

11. The 23 countries and the relevant document references are as follows:

<u>Country</u>	<u>Country programme document</u>	<u>Note by the Administrator</u>
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/See para. 7 above, agenda item 4 (a)./

12. When item 4 (a) was introduced in public meeting, after consideration of individual country programmes in private meetings, the Administrator stated that he thought it might be helpful if he commented briefly on one particular programme on which there had been some considerable discussion at the private meetings. In that connexion, he observed that he was not unaware of the complex issues involved. As would be recalled, the Council at its eleventh session had approved indicative planning figures (IPFs) for 1972-1976, including that for Israel. The UNDP Administration had reviewed the programme submitted by Israel to ensure that it had been prepared in accordance with the procedures established by the Council in the Consensus, and had reached the conclusion that the programme and proposed projects were in no way contrary to the relevant provisions of existing resolutions of the General Assembly, including resolution 3005 (XXVII) adopted by the General Assembly on 15 December 1972. He had therefore recommended the programme to the Council for its adoption. Nevertheless, in the light of the discussion that took place on this item, he wished to emphasize that, in the implementation of the programme, the Administration would take all the measures needed, including the necessary instructions to the Resident Representative, to ensure that the relevant General Assembly resolutions referred to regarding the occupied territories were observed.

Summary of discussion

13. Following the decision of the Council recorded below, several members and observers expressed their strong objections and reservations with respect to the country programme for Israel, and some expressed their objection to its approval. A number of those members stated that, since that country was an aggressor, since it violated resolutions of the Security Council and the General Assembly, since

it continued to occupy Arab territories, and since it enriched itself through the exploitation of the natural and human resources, and taking also into account the advanced level of its economic development, it should not be eligible to receive assistance from UNDP. Several members cautioned that assistance from UNDP should not be interpreted as a recognition of Israel's occupation of Arab territories as a result of the 1967 Middle East hostilities nor be used in any way to consolidate that occupation or lead to changes in the demographic and geographic status of those territories. One member deeply regretted that some highly charged political questions had been introduced into the deliberations of the Council, which was not the forum for consideration of such questions. The introduction of such questions in the Council could impair the functioning of UNDP. Several members urged that the assurances given by the Administrator that no UNDP assistance to Israel would in any way relate to any territories occupied by Israel should be scrupulously implemented.

14. One member expressed reservations regarding approval of the country programme for the Republic of Korea. It was the view of his delegation that the Government of the Republic of Korea did not legitimately represent the Korean people. One member indicated that his Government could not accept the historical and political polemics contained in the country programme for Cuba.

Decision of the Governing Council

15. At its 357th meeting, the Governing Council:

(a) Approved the proposed UNDP country programmes for Brazil, the British Solomon Islands, Burma, Cuba, Dahomey, Democratic Yemen, Ecuador, Egypt, Guatemala, Haiti, Israel, Ivory Coast, Jordan, Malawi, Nepal, Republic of Korea, Singapore, Syrian Arab Republic, Thailand, Tonga, Western Samoa, Yugoslavia, and Zambia within the limits of each country's IPF and for the duration of the respective programme periods. Until such time as indicative planning figures were established to cover 1977 and subsequent years, the Administrator, with respect to the country programmes for Burma, Ecuador, Egypt, Haiti, Republic of Korea, Yugoslavia, and Zambia, will proceed with approval action in a manner which will ensure that expenditure during the period 1972-1976 does not exceed the currently established IPF for the country concerned.

In approving the country programme for Israel, the Governing Council took note of statements by various members. Several members expressed their objections and reservations and seriously questioned the eligibility of Israel to receive UNDP assistance, while some other members expressed their approval of the Programme. The Council also took note of the assurances of the Administrator on the programme, understanding that the programme did not relate in any way to any territories occupied by Israel in the 1967 conflict and that the Administrator would not authorize any expenditure which might be construed as continuing Israeli occupation of these territories. The Governing Council also noted that any discrepancies in the figures of population and area in document DP/GC/ISR/R.1 would be rectified in accordance with official United Nations statistics.

(b) Requested the Administrator, as regards the country programme for Zambia, to ensure that maximum attention and flexibility be given in its effective execution in the light of the country's needs and urged that UNDP play a catalytic

role in bringing supplementary assistance from the organizations and programmes of the United Nations system, including UNDP and the regional Economic Commission for Africa, for activities financed from their regular or other resources.

(c) Authorized the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective country programmes and calling for planned expenditure which might be contained within the approved IPFs of the countries concerned and the financial resources currently available at any given time.

B. PROJECT RECOMMENDATIONS OF THE ADMINISTRATOR

16. Under item 4 (b) of its agenda, the Governing Council considered six projects recommended by the Administrator for approval. The projects, together with the relevant document references, are listed in annex II to this report.

Summary of discussion

17. With reference to the Mekong project (DP/PROJECTS/R.2/Add.1 and Corr.1) and the Training in Export Promotion project (DP/PROJECTS/R.2/Add.3 and Corr.1), some members expressed the reservations of their Governments with respect to the participation of the Republic of Korea, the Khmer Republic, and the Republic of Viet-Nam in UNDP projects. One member expressed his Government's support for the country programmes and projects for the Republic of Korea and the Republic of Viet-Nam.

Decision of the Governing Council

18. At its 352nd meeting, the Governing Council:

(a) Approved the six projects listed in annex II to this report;

(b) Authorized the Administrator to make the appropriate arrangements with the Governments and Executing Agencies for the execution of those projects.

C. REPORT ON ACTIONS TAKEN BY THE ADMINISTRATOR CONCERNING PROJECTS

19. Under item 4 (c) of its agenda, the Governing Council considered a report by the Administrator (DP/L.257 (Vol. I-VII)) on actions taken by him or by the Resident Representatives between the fourteenth and fifteenth sessions of the Council concerning projects. The report covered projects approved, cancellations of approved projects and non-operational projects (Vol. I and Corr.1 and 2). Separate volumes contained brief descriptions of 100 large-scale projects approved by the Administrator in Africa (Vol. II), Asia and the Far East (Vol. III and Corr.1), Europe, the Mediterranean and the Middle East (Vol. IV and Corr.1), Latin America (Vol. V), and interregional projects (Vol. VI) as well as assistance for a global project (Vol. VII).

20. In introducing the item, the Deputy Administrator (Programme) drew attention to Vol. I, which summarized the information contained in the remaining documents and also highlighted a few projects of special significance.

21. The projects listed in Vol. I represented a total additional financial commitment for UNDP during the five and a half months period covered by the report of some \$57 million, made up of \$43 million for the 100 large-scale projects, \$12.5 million for the 481 small-scale projects and \$1.7 million for projects financed from the Programme reserve. Including the commitment of \$18 million for the six projects approved by the Council at the fifteenth session, UNDP had new commitments of some \$75 million. Not included in the above figures were cancellations and small cost revisions on approved projects, but they did not significantly affect the picture.

22. Of the 100 large-scale projects, 31 were in Africa, 29 in Asia and the Far East, 20 in Europe, the Mediterranean and the Middle East, 14 in Latin America and the remainder interregional. The priority for Africa was understandable, and a large number of African projects were for the less developed parts of the continent.

Summary of discussion

23. In the brief discussion which followed, one member referred to the 12 projects whose cancellation was mentioned in the document. While he commended the Administrator for cancelling projects which were not serving a useful purpose, he felt that better initial project formulation would have avoided the need for such cancellation, and he hoped that closer attention would be devoted to that matter in future. The Deputy Administrator (Programme), in replying, said that he entirely agreed, but that valid considerations, including those of a political nature, which led to cancellations could not be altogether ignored. Such considerations had played a part in several of the specific cases mentioned. One member, during the adoption of the report, expressed reservations concerning projects approved by the Administrator or Resident Representatives for Israel, the Republic of Korea, and the Republic of Viet-Nam.

Decision of the Governing Council

24. At its 353rd meeting, the Governing Council took note of the report of the Administrator (DP/L.257 (Vol. I-VII)).

D. FURTHER ASSESSMENT OF EXPERIENCE IN COUNTRY PROGRAMMING

25. Under subitem 4 (e) of its agenda, the Administrator, as requested by the Governing Council at its fourteenth session, submitted a paper providing a further assessment of the experience of country programming to date (DP/L.261).

26. In introducing the item to the Council, the Deputy Administrator (Programme) indicated that as a result of actions taken to correct problems in country programming discussed at the fourteenth session, there had been a significant improvement in the third round of country programmes being presented to the current

session of the Governing Council. Because the present programming period covering the 1972-1976 period was well under way he urged that greater attention be given to other phases of the United Nations Development Co-operation Cycle, 1/ namely project formulation, appraisal and approval, implementation, evaluation and follow-up. Of fundamental importance in that regard was whether the new country programming procedures were contributing to an earlier and qualitatively better formulation of projects, and he expressed his satisfaction that there was evidence of improvement in that regard.

27. The Deputy Administrator referred to evidence that the country programming exercises had helped to strengthen the technical assistance planning function within recipient Governments. At the same time, they had encouraged several participating organizations to reassess their own procedures and organization of work in order to take better account of the needs of individual countries and regions. For UNDP itself, the new country programming procedures had helped to provide a new outlook and purpose in promoting economic and social development in member countries throughout the world.

28. Looking to the future, the Deputy Administrator stressed the need to find a solution to the problem of front-end loading in order to ensure that the present momentum of UNDP activities would not be lost due to the lack of available financial resources. He also emphasized that the new focus on country programming and country priorities should not prevent the United Nations system from exercising its responsibility to think ahead and to identify the major constraints upon development in the developing countries as a whole as well as to suggest ways and means of removing those constraints by co-operative and national efforts.

Summary of discussion

29. Members of the Council generally welcomed the Administrator's frank and candid account of the further experience of UNDP in country programming contained in document DP/L.261, which they regarded as facilitating greatly their consideration of ways to promote the qualitative improvement of country programming. Many members expressed their appreciation of the steps taken by the Administrator in the spirit of the Consensus to ensure formulation of country programmes relating as closely as possible to the development plans and priorities of individual recipient countries.

30. Members expressed broad satisfaction at the measures envisaged by the Administrator to improve the preparation of country briefs and background papers. Particular importance was given to measures to ensure that background papers would reflect accurately governmental plans and priorities, and would identify sectoral development constraints as well as ways in which those constraints could best be overcome. A number of members also stressed the need for more thorough evaluation of ongoing projects prior to the formulation of country programmes. One member expressed the view that the success of evaluation should not be measured by the number of cancellations it produced; evaluation should be designed to discover "national desirability" or otherwise of a project. While some members expressed

1/ See General Assembly resolution 2688 (XXV).

disapproval of "agency salesmanship" in the preparation of agency briefs

that stage of country programming, there was wide recognition that agencies should take further steps to improve the quality of those briefs and to equip themselves for more effective participation in the critical evaluation of ongoing programmes. At the same time, a number of members stressed the point that Resident Representatives should strive to make more effective use of the sectoral experience and advice of agencies prior to, and during, the preparation of draft country programmes.

31. Many members spoke of the linkage between country programmes and national development priorities. There was a recognition that Governments should, in all instances, maintain their sovereign prerogative to determine the types of assistance to be included in their country programmes. It was further recognized, however, that UNDP assistance would, and should, be programmed by Governments taking into account the total external assistance picture, and that national development planning priorities would therefore not necessarily be reflected in UNDP country programmes - especially where UNDP inputs formed only a small part of all available external assistance. That being the case, several members urged that greater relative attention be given to measures to ensure the optimal utilization of available funds for technical assistance. Various members suggested that that might best be achieved by: more effective Headquarters and particularly field level co-ordination of UNDP assistance with that of other United Nations system programmes of assistance and, at the request of Governments, with bilateral programmes within the country concerned; additional emphasis on steps to ensure good project design; prompt execution of projects in accordance with the time schedules envisaged in each country programme; and greater attention during implementation to more intensive periodic evaluation of projects. One member, recalling paragraph 8 of the Consensus, stressed the importance of UNDP country programmes setting out explicitly the relationship of UNDP inputs to national development planning objectives and priorities. Several members said categorically that co-ordination of all inputs of external assistance at the field level was the responsibility solely of the recipient countries themselves.

32. Apart from those comments, several members offered additional suggestions as to how available UNDP funds could be used by Governments to their best advantage. Suggestions included: greater concentration of UNDP resources by programming larger projects in limited priority areas in order to achieve maximum impact; greater attention to the careful, timely transfer of the types of increasingly sophisticated technology required by countries in their development efforts; and more effective response to requests for strengthening of planning services, popular participation in the development process, and the full mobilization of domestic resources. One member expressed the view that UNDP technical assistance should have as its objective the building-up of the technological base required by developing countries for self-sustained growth. Several members referred to the need for greater use of the services and expertise of local specialists of the recipient countries where possible, and to the desirability of more external contracting of project activities - both by the agencies and also by UNDP in cases where the organizations of the United Nations system did not have the qualitative or quantitative capacity to provide the required services. Two members referred to the responsibility of UNDP and the agencies to draw the attention of Governments to the means available within the United Nations system to help them in the formulation of programmes designed to implement some of the basic social justice objectives

of the International Development Strategy for the Second United Nations Development Decade. 2/

→ 33. Some members expressed concern that the tendencies observed during programming to front-end loading, to the under-costing of projects, and to leaving inadequate unprogrammed reserves within the available IPF might affect adversely the subsequent flexibility of recipient Governments to finance unanticipated needs during the life of the country programme. Several members stressed the point that those tendencies were mainly due to the lack of IPF resources to cover priority assistance needs, and that increased voluntary contributions to UNDP would help to overcome many of the financial problems confronting recipient Governments. One member noted that if Governments felt that, in accordance with their development priorities, it was necessary for most projects to be executed at the beginning of the programming period, then there was nothing wrong with front-end loading. Arbitrary constraints should therefore not be placed on the rate of disbursement of assistance other than that imposed by the availability of IPF resources.

34. A number of members stressed the importance of developing effective procedures for monitoring, evaluating and reporting on field activities, particularly as that had been a weakness of United Nations technical assistance in the past. The intentions of the Administrator were welcomed in that regard. Several members emphasized the point that the results of continuous evaluation of projects during the implementation should serve not only to correct implementation deficiencies, but to improve the design and execution of future projects undertaken by the United Nations system.

35. Several members suggested that information on the implementation of country programmes should be provided as part of the regular reporting by the Administrator to the Council. Other members felt that there should be continuity in the review of country programmes by the Council until the completion of the present country programming cycle, and that a decision on additional information requirements and on the review procedures of the Council could be taken at a later session.

36. The representatives of three specialized agencies also made statements on the item.

Observations of the Administration

37. The Deputy Administrator thanked the members for their informative and constructive statements on the paper placed before them (DP/L.261).

38. In responding to the observations and questions of members, the Deputy Administrator supported the views expressed by Council members that UNDP should give relatively greater attention to ways in which the optimal use of UNDP country programme inputs could be achieved. Similarly, in the course of country programming, greater emphasis should be placed on identifying the technical assistance needs of Governments, which was not necessarily the same thing as their total development requirements, and on establishing priorities within that framework.

2/ General Assembly resolution 2626 (XXV).

39. The Deputy Administrator endorsed the views expressed that efforts should be made, particularly by Resident Representatives at the country level, to achieve more effective co-ordination of UNDP-financed assistance with that of other United Nations programmes and, but only at the request of Governments, of bilateral programmes as well. However, he also stressed that mere exchange of information on programme activities was not enough. Greater efforts would also be required to use the information exchanged for planning purposes; to fill in the gaps in country programmes, to compensate for the problems implicit in front-end loading, and so on. With respect to "agency salesmanship", he observed that there was an equal obligation on the part of both Executing Agencies and Governments to resist excessive practices in that respect. At the same time, it would be unwise to discourage agencies in their legitimate efforts to devise more meaningful and innovative forms of technical assistance.

40. The Deputy Administrator supported the emphasis given by Council members to the need for: ensuring effective design of projects included in country programmes; better briefing of Resident Representatives on the types of sectoral support available to them from the agencies; and securing additional financial resources in support of country programme activities.

41. In response to the interest expressed by several members, the Deputy Administrator explained in some detail the nature of the new procedures for the monitoring, evaluation and review of projects and programmes referred to in DP/L.261. He explained current proposals for a regular, semi-annual tripartite review process in which parties to UNDP-financed projects - officials of the Government, the Resident Representatives, the responsible project personnel, and the country representative of the agency concerned - would seek to identify unresolved implementation problems and to agree on their solutions. He further explained that the semi-annual review of a project might lead, when necessary, to a decision by the parties to proceed to a more comprehensive evaluation involving a reassessment of its basic conception and design, its relevance to development objectives, and its likelihood of achieving those objectives. Such an evaluation would draw on UNDP and agency specialists, and would also be tripartite in nature. The substantive guidelines or methodology developed for use during those semi-annual project monitoring and review processes would also be applicable to the review of ongoing projects to which so much importance had been attached during discussions at that session and at previous Governing Council sessions as part of the country programming process. The Deputy Administrator stressed the point that the experience gained from systematic project and programme reviews would also be fed back into the UNDP programme in order to improve future programming, as well as future project formulation and implementation.

42. The Deputy Administrator expressed his agreement with the remark of one member who stated that the assessment of ongoing projects should not be a permanent feature of the Council's agenda. Too much preoccupation with programming procedures could prove to be counterproductive, impairing UNDP's essential task of providing technical assistance to member countries. The Administrator expected that the Council would from now on be increasingly concerned with the performance of the Programme, and he was currently reviewing the format and content of the annual report to the Council with a view to making it a more informative and useful document on the implementation and impact of UNDP programmes not only in attacking sectoral development problems but also in contributing to the attainment of individual country objectives, thus helping the Council to undertake, in the most appropriate manner, its own function of periodic review of the country programmes.

Decision of the Governing Council

43. At its 356th meeting, the Governing Council:

Having carried out a further evaluation of experience in country programming in the light of the note by the Administrator on this subject (DP/L.261);

(a) Took note of the further improvements effected in the country programming process as well as of the problems that remained to be resolved;

(b) Reaffirmed the observations which it had made at its thirteenth and fourteenth sessions; 3/

(c) Invited the parties concerned in country programming to continue their endeavours further with a view to improving the process in the light of those observations and of the discussions in the Council at its fifteenth session.

3/ See Official Records of the Economic and Social Council, Fifty-third Session, Supplement No. 2, paras. 76-92 and Supplement No. 2A, paras. 101-114.

E. REVIEW OF REGIONAL AND INTERREGIONAL PROJECTS

44. Under subitem 4 (d) of its agenda, the Governing Council had before it a report by the Administrator on review of regional and interregional projects (DP/L.256).

45. In introducing the report, the Deputy Administrator (Programme) stated that it represented the efforts over the past year of an internal working group drawn from the Regional Bureaux and the functional Divisions. He indicated that the report set forth at some length guidelines which were judged appropriate for intercountry programming and for the formulation, implementation and monitoring of regional and interregional projects.

46. The Deputy Administrator drew the attention of the Council to two points which he considered to be of special interest. First, he pointed out that regional or interregional projects had traditionally taken, for the most part, the forms outlined in paragraph 15 of the report. Some of the newer intercountry projects were also tackling individual commodity problems of interest to many countries. Other projects were concerned with promoting common standards of competence and efficiency in such areas as postal service and civil aviation. He suggested that in the future more attention should be given to those less common types of projects which were innovative or experimental and not concerned with immediate operations. He stressed the point that undertaking innovative projects at a regional or interregional level had the advantage of permitting broad-based experimentation and comparative analysis. Although emphasizing the difficulty of formulating and implementing such projects because of their multidisciplinary nature, the Deputy Administrator proposed that Governments, agencies, the regional economic commissions and UNDP be on the alert for opportunities to spend part of their available resources on regional or interregional activities aimed at finding out new and better answers to fundamental development problems.

47. Second, the Deputy Administrator drew attention to the necessity of phasing out some of the Programme's earlier activities in support of multinational institutions. Citing the twin problems of inadequate resources and front-end loading, which, he said, applied equally to intercountry programmes as well as to country programmes, the Deputy Administrator stated that discontinuance of support to a number of institutions would have to be effected if the Programme were to be able to undertake new and more worth-while regional and interregional activities. He said that the phasing-out of earlier assistance would be done in as orderly a manner as possible and asked for the support and understanding of Council members in achieving the goal of more dynamic and productive intercountry programming.

Summary of discussion

48. Members of the Council were virtually unanimous in attaching great importance to intercountry programmes and in expressing appreciation of the Administrator's report as well as of the Deputy Administrator's introductory remarks. Regarding

that statement, special attention was paid to the idea of emphasizing innovative regional or interregional projects and most members indicated their support for the concept.

49. Referring to the future direction of intercountry programmes, members generally approved the priorities outlined in paragraph 9 of the report. Several members expressed the view that science and technology and industrial development were two areas well suited for regional and interregional projects. One member suggested that industrial development be added to the list of priorities. Another member stated that the best yardstick for measuring the value of intercountry programmes was their ultimate impact on national development plans.

50. Many members stressed the importance of the role of Governments in intercountry programming and looked forward to their increased involvement in regional and interregional project formulation. Some members sought assurance that information regarding proposed regional projects would be made available to all countries in the region as a standard programming procedure. The respective roles of regional organizations and the Executing Agencies were also recognized, although several members cautioned against relying too heavily on the latter as a source for project initiatives. One member emphasized the importance of the regional economic commissions in intercountry programmes and suggested that the Administrator's report be submitted to them for information and review.

51. Specific attention was drawn by several members to the Administrator's proposal in paragraph 19 of the report for the establishment of subregional IPFs. These members indicated their support for the proposal. The further question of regional IPFs was taken up by other members, who questioned the low percentage of funds allocated to the Europe, Mediterranean and the Middle East region, and pointed out that the region contained 300 million inhabitants and had a regional IPF of \$13.2 million. One member stressed the point that the absorptive capacity of countries in the region should be taken into account in revising upwards its share of resources available for regional projects.

52. The need to phase out continuing support to a number of multinational institutions was generally recognized and accepted, but several members expressed disappointment at the discontinuance of assistance to the Regional Centre for Functional Literacy in Rural Areas of the Arab States (ASFEC). Citing the many achievements of the Centre and its important contributions to the development of the region over the years, those members made a special request for continued assistance to ASFEC.

53. Regarding the types of projects undertaken on a regional or interregional basis, one member expressed regret that in recent years UNDP's interest in seminars, training courses, study tours and the like seemed to be declining. He suggested the establishment of a continuing programme of activities of this kind, especially in science and technology.

54. Many members expressed the view that intercountry programmes were a particularly effective way of fostering increased co-operation between developing countries and of enhancing co-operative relationships between UNDP and other organizations in the United Nations system. The multinational financing aspect and mutual benefits of regional and interregional projects were emphasized. One

member, however, suggested that the counterpart contributions of least developed countries be reduced or even eliminated. Another member wanted to know whether a country which could not meet the counterpart requirements would be precluded from participating in a project.

55. A representative of WHO described several regional projects as examples of effective and innovative intercountry programming. He stated that the Administrator's report was very useful and welcomed the suggestions made during the debate. He particularly appreciated the attention drawn to the problem of endorsement of regional and interregional project proposals.

Observations of the Administration

56. Responding to comments made during the discussion, the Deputy Administrator expressed appreciation of the general support given to the guidelines set out in the report, particularly to the priorities outlined in paragraph 9. He agreed that industrial development and science and technology were areas well suited for regional and interregional projects, and for global projects as well. He shared the view that the growing interest of Governments in intercountry programmes was a positive step towards closer and more effective co-operation among developing countries.

57. On the question of regional IPFs, the Deputy Administrator referred to the historical circumstances on which those IPFs were based. He acknowledged that inequities did exist but hoped that subsequent reviews of the IPFs would help to eliminate them.

58. Regarding the role of regional economic commissions in intercountry programmes, the Deputy Administrator agreed that in the commissions Governments had a useful forum in which to express their needs and interests, and a source of important project proposals and ideas. Their secretariats had already been acquainted with the guidelines, and, in addition, the regional meetings of Resident Representatives provided a useful opportunity to review ongoing and future programmes.

59. There was no question about the fundamental and paramount importance of the role of Governments in intercountry programming. In determining the potential participants, information about project proposals under formulation was widely circulated among countries in a region. Implementation, however, should not be held up because of delays in receiving endorsements from every Government that might be interested. Speed of action must be a primary concern in intercountry programmes.

60. Referring to the types of activities to be undertaken by regional and interregional projects, the Deputy Administrator stated that seminars and other such training activities of a broad nature had to be given a relatively low priority in a situation of limited resources, because of their generally higher cost factors, among other considerations. However, where host countries had facilities for such training of specific relevance to the needs of the participants they should be utilized as fully as resources would allow.

61. The Deputy Administrator suggested that the question of financial participation of the least developed countries in intercountry projects might better be discussed under the heading of special measures for those countries. Replying to the question of what would be the consequence of a Government's inability to provide its share of counterpart support, he stated that such cases would have to be examined in the light of actual circumstances.

62. Responding to specific comments on the phasing out of assistance to ASFEC, the Assistant Administrator of the Regional Bureau for Europe, Mediterranean, and the Middle East stated that lack of funds had necessitated the establishment of priorities for continued support of ongoing activities. Responses from Governments of the region indicated that ASFEC's priority was relatively low. He pointed out that as a special measure \$100,000 of assistance had been approved for 1973; that additional support could not be provided unless other regional activities were curtailed.

Decision of the Governing Council

63. At its 353rd meeting, the Governing Council decided to:

(a) Take note of the report by the Administrator on his review of regional and interregional projects and of the observations made by members during the discussion of item 4 (d).

(b) Commend the Administrator for the thoroughness with which the review had been undertaken and for the impact which it had begun to make on the quality of intercountry programming.

F. FURTHER REVIEW OF CRITERIA TO BE FOLLOWED IN CALCULATING INDICATIVE PLANNING FIGURES

64. Under subitem 4 (f) of its agenda, the Governing Council undertook a further review of criteria to be followed in calculating IPFs for the 1977-1981 period. The Administrator presented to the Council, in document DP/L.259 and Corr.1, a new set of calculations of IPFs for 1977-1981.

65. The Deputy Administrator (Programme), in introducing the item, stated that it was fortunate that the Council had begun its consideration of this problem at its fourteenth session, when it had laid down some clear guidelines for some further calculations to facilitate the eventual resolution of this problem. Document DP/L.259 and Corr.1 was precisely a set of calculations to bring out the impact and the implications of the guidelines already given by the Council. No attempt was made by the Administrator to recommend any particular criteria, let alone a particular set of IPFs for 1977-1981.

66. In highlighting the main conclusions of the note by the Administrator, the Deputy Administrator stated that unless the growth in resources was much more than was implied in the 9.6 per cent per annum increase in voluntary contributions, not all the objectives that the Council had in mind in prescribing the guidelines at its fourteenth session could be achieved fully. Thus, even with a 9.6 per cent per annum growth rate in pledges from now on, while the least developed countries

could be assured a share of at least 25 per cent in total resources as against 20 per cent now, the share of other low income countries would increase only marginally, from 12 per cent to 13 per cent, while for several countries in the intermediate range there would be hardly any increase in absolute terms. If pledges increased by less than 9.6 per cent per annum, the results would be even more unsatisfactory for most countries. That meant that a generally unsatisfactory situation about over-all resources could not be translated into a satisfactory situation for individual countries or groups of countries by a mere sophistication in the criteria for distribution. That was perhaps the message of General Assembly resolution 2972 (XXVII), viz., that the General Assembly perhaps wanted the Council to form a more precise judgement on the likely growth in resources and in the light of that judgement to see if it needed to reconsider in any way the conclusions it had reached at its fourteenth session.

67. The Deputy Administrator stated that the Administration was naturally at the disposal of the Council in its search for more equitable criteria for IPFs as in its efforts to evolve a consensus. Indeed, the General Assembly had requested the Administrator to "undertake a special technical study and review in depth of the criteria for calculating indicative planning figures". It was for the Governing Council eventually to work out the criteria as well as the IPFs. But the Administration would be happy to make any further studies before the next Council session in June which might facilitate the Council's task. The Administration would certainly need guidance and instructions from the Council on what studies it would like to have made between now and next June.

68. The Deputy Administrator referred to the question of the distribution of the amount set aside for regional IPFs to the different regions during 1977-1981. He questioned whether the Council would wish to consider whether regional IPFs in the future should be in proportion to the aggregate share of the countries in each region in total country IPFs, or whether they should be determined by some other principle.

Summary of discussion

69. In reviewing criteria for the calculation of IPFs in 1977-1981, several members called attention to the need for the consideration of the matter in the context of an enhanced level of total resources available to the Programme.

70. A member stated that, in addition to requiring a more efficient Programme, a major move in the direction of a more equitable distribution of UNDP resources was essential if the public and the Parliaments in donor countries were to support contributions to the Programme. Another member stated that greater contributions to UNDP required that UNDP operate optimally in promoting development and, in that context, recalled that, since the objectives of the International Development Strategy required special measures in favour of the least developed and other low income countries, IPFs must be suitably redistributed so as to remove inequities in their present distribution due to historical circumstances. Otherwise consideration might have to be given to the practice of earmarking of contributions.

71. The IPF calculations in the Administrator's note were based on various assumptions about the level of resources available in 1977-1981 and a member considered it appropriate for the Administrator to have taken account, in his

assumptions, of recent experience of the level of pledging, since management decisions based on a false estimate of future resources could endanger the future of the Programme. Several members suggested that, for calculations to be neither too pessimistic nor too optimistic, they should be based on an annual growth rate in voluntary contributions of 9.6 per cent per annum. A member assessed the assumptions made in DP/L.259 and Corr.1 as being very conservative. Another member stated that the use of the growth factor of 7.2 per cent was tantamount to foreseeing an increase of resources below the level agreed to in the Consensus. Still another member expressed the view that it would be useful to continue to have a projection of a growth rate of 7.2 per cent. Several other members urged the adoption of an assumed growth rate of 15 per cent per annum if the distribution problem was to be overcome successfully. Thus, the allocation of appropriately increased IPFs to low income countries, it was considered, should come from an enlarged resource base rather than from shifting resources away from recipient countries with relatively high per capita income. A member stated that the onus was on those donors whose rate of growth of voluntary contributions had lagged. Some members inquired why the calculations submitted to the Council had not included the assumption of a 15 per cent growth rate since that figure was referred to in resolutions of the General Assembly and of other United Nations bodies. The 15 per cent figure was a desirable one since needs for technical co-operation assistance were greater than resources available.

72. A member stated that any rate of increase in voluntary contributions must be seen against the background of inflationary conditions. Reference was made to the possibility of an increase in resources to the Programme from possible new sources, such as the "link" related to Special Drawing Rights. A member agreed with the suggestion that the financing of IPFs in 1977-1981 should not include the running of any deficit.

73. Several members favoured the approach employed in DP/L.259 and Corr.1, in calculating IPFs, concerning (a) the establishment of a number of country groupings in addition to the least developed country grouping and (b) the range of results for each of these groupings. It was based on recommendations of the Working Group and the amendments thereto by the President of the Council at the fourteenth session. ^{4/} Some members considered that the establishment of country groups represented a political decision, which could only be taken by the General Assembly. The membership of each of those country groupings, it was suggested, might be reviewed regularly to adjust any inequities. In the view of another member, too much had been made of the concept of country groupings since they had been used mainly to identify the results of the calculations.

74. A number of members stated their opposition to the whole idea of country groupings. The Governing Council had no authority, according to a number of members, to employ any country grouping other than that of the least developed. Some members stated that the Working Group's recommendations used in the preparation of DP/L.259 and Corr.1 were arbitrary, subjective and unacceptable. Some members considered that the use of country groupings was divisive and affected the unity of the international community. Several members stated that it was too simplistic to use per capita income as a sole yardstick for determining different groupings since each country's problems were unique and required recourse

^{4/} Ibid., Supplement No. 2A, paras. 96 and 97.

to supplementary criteria for their full assessment. That point had been made clearly, it was stated, in the report of the fourteenth session of the Council. An observer wondered if too much significance was not being attached to, say, \$500 per capita income as the dividing line between one country grouping and another, after due account had been taken both of the dynamism of economic growth and of inflationary conditions.

75. The General Assembly had established the least developed country category and several members reiterated the need for those countries to receive at least 25 per cent of total resources available for country IPFs. Some members preferred that the amount should be closer to 30 per cent. A member asked that, because of the economic and social conditions in his country and since it was land-locked, the country be considered among the least developed.

76. Several members, while accepting the Working Group's recommendation establishing other country groupings, nevertheless either recognized the difficulty in establishing precise boundaries between them or suggested dividing lines different from those proposed by the Administrator in his note. One member recalled that the recommendations of the Working Group and the amendments proposed by the President of the Council had been neither approved nor rejected at the fourteenth session, since no practical basis existed at that time for a consensus thereon. Several members considered that the "other low income grouping" should include countries with per capita incomes up to \$120, \$130, and in particular \$150, or possibly \$180. Further, a larger share of total resources should go to other low income countries than those indicated in the present calculations. The \$100 figure used by the Administrator was considered too low and discriminatory by a member, who noted that there were several countries in the least developed category that had per capita incomes above \$100.

77. In considering the recommendation by the Working Group that the absolute amount of individual IPFs of recipient countries with a relatively high per capita income should be kept at their present level, or increased if a growth in resources permitted, several members stated that, whereas DP/L.259 and Corr.1 proposed that that country grouping start at either \$350 or \$500, they considered that it should include all countries above \$350, whatever the assumption about future growth in total resources. Another suggestion was for that country grouping to start at \$400 per capita income but that there should be a still further grouping, starting at \$800 to \$850.

78. Several members objected to what they considered a negative idea - freezing the IPFs of recipient countries with relatively high income. A member stated that that would suggest a tendency to the benign neglect of a large number of developing countries and it must be avoided. The Council had no authority to establish that country grouping and the principle of universality required that an equitable share of assistance should be given to all who needed it, with no exclusions. The member questioned the equity in the idea that a country with, say, \$4,000 per capita income could determine that a country with one-tenth the per capita income level had already received enough assistance. Several members stated that there were some recipient countries with relatively high per capita incomes that still had considerable development problems and were making efforts to meet them and, therefore, still required technical co-operation assistance. One of those members stated that, while it had a source of income from the export of oil, it was a

wasting asset in an economy which was hampered by a lack of land, water, and raw materials. One member objected to freezing IPFs of countries with a relatively high per capita income during the Second Development Cycle at the level of the first Cycle. He emphasized the need to comply with the provisions of the Consensus, which required the Administrator to adjust IPFs to avoid arbitrarily projecting any exceptional present country situations and to correct inequities due to historical circumstances. He also pointed out that developed and developing countries should not be placed in the same grouping and that different criteria should be applied to them. Some members noted that because of inflationary conditions, a freeze in IPFs was, in effect, a decline when measured in real terms. A number of members drew attention to the fact that criteria should strengthen the right of every country to obtain UNDP assistance, with the exception of those which committed aggression or carried out policies of apartheid and racial discrimination condemned by the General Assembly.

79. Some members indicated support for cutting, rather than freezing, IPFs of recipient countries with relatively high per capita incomes. A member stated that if eventually there was not an agreement on the matter along the lines of the recommendation of the Working Group at the fourteenth session of the Council, it would consider, inter alia, that there should be a more radical shift away from the idea of a freeze and towards the gradual reduction of IPFs for countries in that grouping. In order to utilize resources most effectively, some members considered that it would be advisable to adopt a "phase-out formula" with regard to assistance to recipient countries with relatively high per capita income. Several members supported the approach to cutting IPFs proposed in DP/L.259 and Corr.1, paragraph 22 (b) (ii). A few members recognized that the cutting of IPFs was a delicate matter that should be considered on a country-by-country basis. One member, supported by several others, stated that it was indefensible that, in the present calculations, the total of IPFs going to the group of countries with relatively high per capita income was similar to that going to the grouping of "other low income" countries even though the latter had six times more population and had a per capita income eight times lower.

80. Widespread support was expressed for the proposal that recipient countries with relatively high per capita incomes should move towards a net contributor status in the Programme. A member in that country grouping stated that his country had always been a net contributor. A member suggested that contributions should be made in convertible currencies. It was considered important, by a member, for recipient countries with relatively high per capita income to join the ranks of present major donors so as to amplify resources available to the Programme. A member remarked that the resources of the Programme in 1972 would have been enhanced by \$35 million had recipient countries with per capita incomes above \$500 contributed as much to the Programme as they had received from it through their IPFs. It should be recognized that some major donors had their own internal development problems. A member hoped that, in addition, many recipient countries would establish or increase their own bilateral programmes of technical co-operation to other developing countries. Several instances were cited of current efforts of that type by recipient countries.

81. Several members stated that the net contributor concept should be considered alongside a maintained or increasing level of IPFs for recipient countries with relatively high per capita income, since those countries continued to need technical co-operation. A member noted that if those recipient countries received

higher IPFs, they would be likely to contribute more to the Programme. A member stated that recipient countries with relatively high per capita income should pay for the technical co-operation assistance according to their means. The notion of the universality of the Programme did not mean that all countries should get their assistance free.

82. It was urged by several members that the Administrator should consult recipient countries with relatively high per capita income on the matter of their becoming net contributors. It was variously suggested that those talks should be conducted with countries above the \$500 and the \$800 levels, respectively. Some members asked that the Administrator should report to the Council on those exchanges. It was also requested that the Administrator should, before the sixteenth session, provide the Council with information on the voluntary contributions to the UNDP over the last five years by all recipient countries in juxtaposition with the current IPFs.

83. While approving the basic general scheme for the determination of each individual country IPF predominantly by its position in the scales of the fundamental criteria of population and per capita income, several members, nevertheless, referred to the concepts, data sources and weighting systems involved in the use of those criteria. Some members stated that an IPF scheme based on population and per capita income was acceptable where applicable, but should be inoperable where political considerations were paramount. A member stated that inequities in IPFs were maintained when that basic scheme was employed together with a system of "floors" and "ceilings" on changes in IPFs between 1972-1976 and 1977-1981.

84. Some members approved the system of population weights used in DP/L.259 and Corr.1 and recognized that those weights could not be proportional to each country's population. Several other members stated that insufficient weight had been given to countries with relatively large populations, several of which were in the "other low income" category, and that there should be an upward revision for those countries. While recognizing that there must be an adequate geographical spread of IPFs, a member considered that it was a distortion to allocate less than one fifth of total IPFs to countries which accounted for more than one half the total population of all recipient countries. It was requested that data on population should be shown together with future calculations.

85. The switch from the use of the gross national product (GNP) concept in DP/L.240 and Corr.1 to the net national product (NNP) concept in DP/L.259 and Corr.1 elicited statements of reserve by some members. Several members urged a return to the GNP concept in future calculations. One member considered that the use of GNP was better from a statistical point of view even though theoretically NNP was a better measure. Some members stated that the use of NNP data might create a more favourable position for recipient countries with relatively high income since they had a greater depreciation deduction. Regarding the weighting system used in the calculations, some members urged the use of relatively higher weights for low income countries than those employed in the calculations before the Council. One observer stated that in future the source for data on per capita income, as well as for population, should be the World Bank since he considered that its data provided a more objective basis than those of the Statistical Office of the United Nations, which were based on replies by Governments to questionnaires sent by the Secretariat. Several members requested that World Bank data should be used and the figures shown in future studies.

86. The results of the proposed approach to the calculation of individual country IPFs in DP/L.259 and Corr.1 were regarded by several members as a faithful reflection of the recommendation of the Working Group and the amendments to it proposed by the President at the fourteenth session of the Council and as providing a reasonable basis for discussion and further studies. While accepting most of the results indicated in DP/L.259 and Corr.1, several members were prepared to consider a further shift of resources towards the low income countries. A number of members considered that the results still fell short of real justice even though one member regarded the results as politically realistic. A member recalled that the purpose of the Working Group's recommendations had been "to secure equity in the allocation of resources" and not simply "improved equity" and that it was for that reason that DP/L.259 and Corr.1 had not achieved its objective. A member stated that the calculations revealed the shortcomings in the Working Group's criteria and looked forward to the further study to be undertaken. A cold mathematical approach, in the view of a member, could not lead to the best or most equitable results. A member stated that DP/L.259 and Corr.1 had not taken account of all the criteria established by the Working Group at the Council's fourteenth session. Some members stated that since the calculations had ignored the reservations expressed on the Working Group's recommendations, the results were arbitrary. One member stated that equity and justice should not be construed to imply a mere shift of resources to some groups of countries at the expense of others.

87. In its consideration of the results of the IPF calculations by the various country groupings which had been identified at the fourteenth session, some members considered that the need for urgent assistance to meet the special needs of the least developed countries had been met in DP/L.259 and Corr.1. A member stated that too much emphasis had been given to the needs of that group of countries and it was necessary to maintain UNDP's hallmark of universality. Several members regarded it as vital to meet still further the needs of the least developed countries. A member stated that his delegation had compromised in the Working Group on the proportion of total resources that should be allotted to the least developed countries but that it now considered that more should go to them than was suggested in the results given in DP/L.259 and Corr.1. A member recalled resolution 62 (III) on the least developed countries adopted at the third session of UNCTAD 5/ and stated that the present proportion of resources allocated to them was incompatible with their present state of need.

88. There was a general expression of regret at the modest increase, shown in the results given in DP/L.259 and Corr.1, in the proportion of resources allocated to other low income countries. One member considered that it was partly because the document had complied fully and literally only with those recommendations of the Working Group which were easily quantifiable, i.e., for the least developed countries and for countries with relatively high per capita incomes. The similar proportions that had been given in the calculations to "other low income" countries and to those with relatively high per capita income was not a just distribution or a good means of removing poverty. Several members stated that further resources should be shifted to "other low income" countries so that they were given a better deal. Some members considered that the increase given in DP/L.259 and Corr.1 for that grouping of countries, on the assumption of at least a 9.6 per cent growth in resources, should be regarded as a minimum.

5/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

89. Recalling the relevant wording of the recommendation of the Working Group concerning the "intermediate" per capita income countries, some members felt that injustice had been done in the calculations to some of those countries. Many countries in that grouping could well be considered low income or relatively poor countries, and yet, many in the grouping nevertheless had had their IPFs frozen, even before allowing for the effects of inflation.

90. As regards countries with relatively high per capita income, a member stated that all countries - those in that group included - should share in any increase in total resources, with relatively more going to lower income countries. Further, the member stated that if there was no increase in resources, then there should be no redistribution. In considering the results before the Council, a member agreed with the downward adjustment of IPFs for countries in that grouping on the assumption of a less than 9.6 per cent growth in contributions, as a means of maintaining equity.

91. In considering the results of the calculations on individual countries, one member noted that the extent of the increase in his country's IPF between 1972-1976 and 1977-1981 as shown in DP/L.259 and Corr.1 was not as large as it appeared since the base period IPF should be revised upward. Some members stated that an upward adjustment in the base period IPF of another country was warranted because of the phasing out of other United Nations activities in that country.

92. In the further review of criteria for calculating IPFs, members of the Council considered the nature and role of supplementary criteria. At the fourteenth session of the Council, the Working Group had identified various supplementary criteria and had recommended that 7.5 per cent of total resources available for country IPFs should be reserved for eventual allocation according to those criteria. Members of the Council considered that the use of supplementary criteria was necessary since the basic criteria alone insufficiently reflected needs for development assistance from UNDP. A member urged the importance of leaving discretion on that matter to the Administrator in his consultation with countries concerned. While agreeing to the Working Group's recommendation on supplementary criteria, one member nevertheless expressed his scepticism of the concept since many of the criteria that had been identified could not be quantified while, for those that could be measured, there was no likelihood of a general agreement on a weighting system. Regretting the fact that at that time it generally was not possible to measure properly the extent of levels of living and of economic and social development in a developing country, particularly social development, a member considered that UNDP should assume some responsibility for helping to develop adequate measures.

93. Regarding particular supplementary criteria, some members referred to countries that had carried out progressive economic and social reforms. In that context, reference was made to the special responsibility of UNDP to assist member countries to attain the basic objectives of the Strategy for the Second Development Decade. Other members urged that full account be taken of the needs of newly independent countries. Note should also be taken, in a member's view, of the capacity of a country to absorb technical co-operation. A member called attention to the special problems of countries that were land-locked (thus subject to high transportation costs) and experienced unfavourable climatic conditions. A member suggested that consideration might be given to such factors as the economic size and geographical and trade position of a country; its efforts at development; and its readiness to give economic assistance to other developing countries.

94. Several members, in referring to the percentage of total resources available for country IPFs that might be allocated for distribution on the basis of supplementary criteria, suggested a reduction from the 7.5 per cent level recommended by the Working Group. Levels suggested were 5; 4 to 5; and 2.5 per cent, respectively. A member suggested that resources "released" by reducing that percentage might be given to currently deprived other low income countries. One member considered that allocations on the basis of supplementary criteria should be restricted to recipient countries other than those with relatively high per capita income. Some members, however, stated that 7.5 per cent, recommended by the Working Group, was a bare minimum to which they could agree. Several members stated their agreement with the approach on supplementary criteria taken by the Working Group.

95. Several members suggested investigations which might be included in the further technical study on criteria for calculating IPFs referred to in General Assembly resolution 2972 (XXVII) to be prepared for the sixteenth session of the Council. Several members conceived of that study, in whole or in part, in terms of modifying the study presented in DP/L.259 and Corr.1 and some hoped that there would not be too much movement away from it. Some members suggested that in the new study, IPFs to be calculated on the assumption of a growth in voluntary contributions significantly below 9.6 per cent per annum should be modified in such a manner as to ensure for the least developed and other low income countries the same share as they would get with the 9.6 per cent assumption, and that the effect of that on other countries, particularly those with relatively high per capita incomes, should be examined. A member suggested another refinement of DP/L.259 and Corr.1 in which there would be a linear decline in the relative per capita income weights from the present 1.0 weight, referred to in that document, at the \$500 level to a zero weight at the \$1,500 level. The new study was viewed by a member as one which would only add some final touches to DP/L.259 and Corr.1, since no miraculous results could be expected because of the need to compromise. That member saw the real objective of the study as ensuring a United effort against underdevelopment, especially for the least developed countries, with a reduced share of UNDP resources going to recipient countries with relatively high per capita income. Another member considered that, in addition to modifying DP/L.259 and Corr.1 by increasing resources to low income countries and cutting resources to the highest income countries, the study should move beyond the blunt tools of population and per capita income and take account of supplementary criteria, such as attempts to attack mass poverty. The distribution of IPFs on the basis of those supplementary criteria should not offset the distribution pattern resulting from the use of the basic criteria. The suggestion of another member also called for the use of population and per capita income, but only as points of departure, since further refinement was necessary by using such qualitative criteria as increases in the levels of public health and education, the redistribution of income, socio-economic structural reforms, the effort of a country to promote its own development, etc.

96. Several members stated that the new study should examine further the concept of country groupings. Some other members, however, disagreed with groupings of countries other than that of the least developed countries established by the General Assembly. One member urged that attention should be given to the concept of "associate" least developed countries, with further country groups divided by the per capita income levels of \$350, \$800 and \$1,000, respectively - the above \$1,000 group constituting net contributors. Several members hoped that the study

ld look carefully at the situation related to net contributions. In addition
king at the per capita income boundaries, one member suggested that
ration should be given to the use of other criteria in the determination
of country groupings. Some members indicated their desire for a study of a scheme
that did away with country groupings.

97. A member suggested a longer term perspective for the distribution of country
IPFs than the one proposed in DP/L.259 and Corr.1 but one into which the latter,
suitably amended, could fit. A simple "objective" scheme should be prepared
based primarily on the criteria of population and per capita income. The level
of resources should not operate as an integral factor in the calculations and
recipient countries should not be divided into groups. Further, the range of
weights given to the per capita income factor should be much wider. Possibly
through the mechanism of "rolling IPFs", a transition could be effected from the
present towards that "objective" distribution, the latter stated in percentage
terms. In clarifying that proposal, the member stated that the weights given
to population and per capita income should ensure that at least 25 per cent of
available resources were allocated to the least developed countries. Also, that
"objective" scheme would remove present discrimination against other low income
countries. Several members supported the scheme and stated that it should be
considered seriously, given the understanding concerning the share to be allocated
to the least developed countries. Some other members pointed out that the
technical study should take into account adequately the specific needs of all
beneficiaries and that, in that connexion, some of the principles embodied in
document DP/L.240 and Corr.1, such as "floor" and "ceiling", should serve as
guidelines in the future distribution of UNDP resources.

98. A member, in suggesting the desirability of a simple general scheme, focused
on the population factor. He suggested the use of "unadjusted" linearly
determined population weights in establishing a new series of IPFs based on the
fundamental criteria and totalling \$1,269 million, the amount available for
1972-1976. That would give some indication of a system devoid of historical
inequities for other low income countries. Then, after adjustments (a) to ensure
25 per cent of resources for the least developed countries and (b) to obtain
unchanged IPFs for countries with intermediate levels of per capita income and
relatively high per capita income, it would be possible to see what resources were
necessary for the operation of an equitable system of IPFs.

99. A further suggestion for the new study included the use of the 15 per cent
assumption concerning the annual rate of increase in voluntary contributions.
Another member requested that basic data on population and per capita income
should be shown as well as a list of the least developed countries. The study,
it was suggested, should consider the alternative effects of using GNP and NNP
as a basic criterion.

100. Several members stated that it was for the Governing Council, following its
consideration of the study required for the sixteenth session, to come to a
decision on criteria to be used in calculating IPFs and that it would be
unfortunate if, instead, a determination was made by other bodies.

101. Several members of the Council stated their views on the distribution of
regional IPFs during 1977-1981, particularly as regards the idea that they should
be in proportion to the aggregate share of the countries in each region in total

country IPFs. Several members favoured the "proportional approach". It was urged that results of regional projects should be made available to all countries. A member stated that, under the distribution formula approved at the Council's eleventh session, which was based on the recommendations of the Administrator, the Asian region, which had two thirds of the population of all developing countries, had been allocated only 23 per cent of total regional IPFs. One member considered the proportional concept iniquitous because the criteria for distribution of regional IPFs should be based on the potential of each region or subregion for co-operation among its members, and, if a proportional solution were adopted, it would slow down regional co-operation endeavours.

102. Prior to the approval by the Council of the decision recorded below, one member proposed that the last paragraph of the text under consideration be amended to read:

"Urge the Administrator to establish a dialogue with both donor and recipient countries with a view to improving the level of resources available for distribution and to ensuring an increasing contribution, particularly in terms of technical personnel for head office, regional offices, and field from less developed countries."

In a spirit of co-operation, he withdrew the proposed amendment, while reserving his Government's position in that connexion. One member, however, asked that the Administrator report to the Council on the results of his dialogue before the Council reached a decision on criteria. One member, supported by another, stressed the point that there should not be a relationship between the new consideration of criteria to be applied in calculating IPFs and the amount of the contributions to the Programme by the recipient countries having a higher per capita income, and suggested that it would be preferable to delete the last paragraph of the decision. Some other members supported the proposal to delete the last paragraph of the decision. One member reserved the position of his delegation on the last paragraph of the decision recorded below.

Observations of the Administration

103. The Deputy Administrator (Programme), in replying to some points raised during the discussion, reminded members that by January 1974 the Governing Council was only expected to reach conclusions on the criteria for calculating IPFs and not to establish the amount of IPFs for the period 1977-1981. Moreover, the Council was dealing with the question of rough justice, not absolute equity.

104. On the question of statistics, he stated that the Administration would work out calculations based on the GNP rather than on the NNP. The Administration would continue to confine itself to available sources rather than try to construct a new series of statistics. Both population and GNP data used would be included in the study. As to the way in which the population criterion had been used, it would be a mistake to think that the more populous countries had been given any advantage in the calculations. In fact, they were at a disadvantage because the function relating IPFs to population was a curvilinear one. The use of a linear population function would have involved a radical change in the present situation.

105. Regarding criteria other than per capita income and population, the Deputy Administrator pointed out that a weight of 7.5 per cent had been attached to supplementary criteria and he did not think that any change was needed in that figure. He recalled that the assumption of a growth rate of 7.2 per cent in resources had been introduced into the calculations because the results of the last Pledging Conference had not been good. However, the Administration was prepared to withdraw that assumption and confine itself to 9.6 and 11.2 per cent in its future studies.

106. He stated that the use of too many categories of countries had created confusion. The least developed countries were the only group that needed to be specified. He considered that, in future calculations, the allocation to the least developed countries should be fixed at 25 per cent. He pointed out that the Committee for Development Planning, which had been responsible for compiling the list of least developed countries, was going to revise that list and that if more countries were added to it, the percentage of resources allocated to such countries would have to be reconsidered. Much had been said about developing countries with relatively high per capita income, and the fact that, if the proposed formula was applied, the IPFs of some of them might decline. In such cases, the Administration would calculate how much would be needed to maintain those countries' IPFs at their former level, and would inform the Council of the cost involved.

107. The Deputy Administrator recalled that one recipient had indicated his acceptance of the principle of net contributions. He expressed doubts as to whether a system of "rolling IPFs" would solve any problems, since the legislative situation in most donor countries did not permit them to take a long range view of what they would be able to do in five or six years' time. He agreed that no conclusion had appeared yet as regards regional IPFs.

Decision of the Governing Council

108. At its 364th meeting, the Governing Council decided to:

(a) Take note with appreciation of the note by the Administrator to the fifteenth session of the Council on further review of criteria to be followed in calculating IPFs (DP/L.259 and Corr.1);

(b) Request the Administrator to prepare for the sixteenth session a further study on the subject, in accordance with General Assembly resolution 2972 (XXVII), taking account, inter alia, of the decision of the Council at its fourteenth session regarding the preparation of illustrative calculations; of the subsequent note by the Administrator (DP/L.259 and Corr.1) and of the general views and detailed suggestions expressed at the fifteenth session of the Council, including the observations of the Administration;

(c) Invite the Administrator, in his further study, to include tables showing the provisional data on population and per capita GNP employed in calculating IPFs; and to make such calculations on the assumptions of a growth in voluntary contributions by 7.2, 9.6 and 11.2 and 15.0 per cent per annum respectively;

(d) Suggest to the Administrator that calculations should be prepared distributing 92.5 per cent of total resources available for distributed country IPFs so as to ensure that the least developed among developing countries obtain as a whole at least 25 per cent, with the distribution to individual countries determined by the basic criteria of population and per capita GNP; and that the remaining per cent be available for all other recipient countries, with individual IPFs determined, again, on the basis of each country's population and per capita GNP and in such a manner as to ensure a significant improvement in the position of the countries at the lower end of the per capita GNP scale;

(e) Consider the individual country allocation of 7.5 per cent of total resources available for distributed country IPFs on the basis of supplementary criteria at the sixteenth session;

(f) Invite the Administrator to explore with recipient countries at the upper end of the per capita GNP scale the various alternatives suggested at the fourteenth and fifteenth sessions with a view to their adoption of a net contributor status in the Programme and to report progress on that matter to the Council at its seventeenth session.

G. SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG DEVELOPING COUNTRIES

109. Under item 4 (g) of its agenda, the Governing Council considered a report by the Administrator contained in document DP/L.263. In introducing the report, the Deputy Administrator (Programme) recalled the concern of the Governing Council, during its previous discussions of the matter, about the necessity of increasing the volume and effectiveness of assistance to the 25 identified least developed among the developing countries. He explained that the figure of \$35 million, which was the Administrator's conception of a reasonable planning figure for the programming of special measures in the least developed countries in the period 1973-1976 consisted of \$15 million derived from the Programme Reserve and from savings from overhead costs, plus \$20 million envisaged from special contributions for the least developed countries, of which about \$7.8 million had already been identified for the purpose. He reminded the Council of the serious deficit situation of the Programme and underlined the fact that the resources made available for the least developed countries meant that it could not at the same time contribute to the reduction of that deficit. He called upon members of the Governing Council to bear that in mind while considering the authorization of the use of the proposed \$35 million for special attention to the countries concerned.

110. As regards the qualitative aspect of the special measures proposed, the Deputy Administrator (Programme) indicated that any special action would have to concentrate on those main common characteristics of underdevelopment that had been used by the Committee on Development Planning as criteria for the identification of the 25 countries. Efforts would therefore be directed towards increasing the per capita income, which in those countries was below \$100; helping in the promotion or in the initiation of the industrialization process; and improving the general level of education, with particular attention to the problem of the shortage in the availability of trained manpower at all levels. The weakness of the administrative structures was another area which called for special assistance, particularly in helping the Governments concerned to make the best and

most efficient use of external aid. The intensive studies conducted at Headquarters on six selected countries had resulted in the definition of the categories of special measures that could be applied in all the 25 countries and had been used for the preparation of special meetings in three countries in Africa.

111. The Deputy Administrator (Programme) informed the Council that the Administrator was actively considering assigning the most experienced and best qualified staff to the offices servicing the least developed countries both at Headquarters and in the field. In concluding his statement, he invited the representatives of agencies in the United Nations system to inform the Council of their special programmes and activities in the least developed countries.

Summary of discussion

112. Members of the Governing Council generally welcomed the Administrator's report as a constructive step in the right direction.

113. In discussing the proposal to use the estimated amount of \$35 million as a planning figure for the programming of special measures during the period 1973-1976, members of the Governing Council expressed their satisfaction that the Administrator would ensure that the amount of \$15 million would be available as and when required. Some members felt that the additional amount of \$20 million expected from special contributions was a conservative estimate, particularly in view of the fact that about \$7.8 million had already been pledged to date. However, members which had made special contributions at the 1972 Pledging Conference stated that their endorsement of the Administrator's proposal did not imply any commitment on the part of their Governments to renew their pledges during the next four years. Some members indicated that further pledges would most probably depend on the conviction of their Governments of UNDP's ability to implement efficiently the proposed special measures.

114. There were differences of opinion on whether the resources earmarked for the least developed countries should be related to the over-all financial situation of the Programme. While confirming their support for special action in favour of the least developed countries, a number of members expressed their concern about the practice of earmarking contributions, and stated that it was contrary to the Consensus and to the unity of the Programme and, if it were to be extended, might create an imbalance between the special measures and the over-all Programme. It was suggested that contributing countries should refrain from earmarking unless their own contribution had reached a certain desirable level and rate of growth. Some members stressed that the method of raising additional funds for the least developed countries for the period 1972-1976 was an ad hoc measure which should be discontinued as soon as the revised distribution of the IPFs gave the least developed countries a more equitable share of the Programme's over-all resources in the next programming cycle. Some other members thought that the method of raising additional funds for the least developed countries was not in any way contradictory to the extension of special measures in the form of technical assistance to that category and should not necessarily create any imbalance in the Programme.

115. The broad guidelines proposed in the Administrator's report for the distribution of the additional resources were generally well received. The principle of ensuring both over-all equity and over-all effectiveness in the utilization of those resources was supported. However, some members expressed their preference for a more simple approach such as a proportional or pro rata distribution to the 25 countries of the total estimated additional funds after setting aside a certain amount for intercountry projects. Others felt that the suggested resource distribution was in the nature of a "sub-scheme" and therefore contrary to the spirit of country programming. It was suggested that the Administrator should decide on the most appropriate approach that would ensure the necessary flexibility in the distribution of additional resources as in the implementation of special measures and should regularly report to the Council on the progress made in both regards and on the action taken and proposed for the period 1973-1976.

116. The categories of special measures proposed by the Administrator were generally supported. A number of members expressed their particular satisfaction as regards the report's emphasis on the importance that those measures be "special" in the sense that they be calculated to strike in imaginative and effective ways at those bottle-necks and other problems of development that placed the least developed countries in their especially disadvantageous situations. In that regard, the importance of projects designed to enhance the capacity of the countries to absorb technical and pre-investment assistance and investment itself was particularly emphasized. The promotion of multinational projects that encouraged economic integration was pointed out as a major area for special assistance. Several members cautioned the Administration against the initiation and implementation of its envisaged plan of assistance without concurrence from recipient least developed countries. Some members suggested that efforts should be made to increase the least developed countries' share in the regular regional IPFs.

117. A number of members stressed the central role which UNDP could play in the co-ordination of the external aid received by those countries from various sources. It was pointed out that the assistance of UNDP in that area would be most helpful in the collection of information and in the preparation, with the agencies in the United Nations system, of projects and programmes that could be considered for financing through other aid-giving agencies. The importance of co-ordinating aid activities with IBRD, the regional banks and the regional economic commissions was particularly emphasized. However, a larger number of members appeared to be seriously concerned, and emphasized, that UNDP, while helping the Governments in strengthening their aid co-ordination capacity, should do so only upon the respective Government's request and should let those Governments decide on the form and the function of any co-ordinating machinery that they might wish to establish. In that area, as in the implementation of the other special measures proposed, the sovereignty of the Governments to decide on the kinds and forms of assistance best suited to their own development requirements should be respected. In all cases, the Governments should be the initiators of any special measures or special programmes.

118. Several members asked the Administrator for more information on the outcome of the six studies. One member pointed out that the studies were necessary if suitable policies were to be developed, but that UNDP could not carry out such

studies alone - they should be a priority task for the regional economic commissions. Other members also requested further information on internal arrangements envisaged by the Administration for the co-ordination of special measures between the Regional Bureaux. One member recalled a previous suggestion that an assistant administrator should be appointed for that purpose and agreed that the measures now contemplated by the Administrator to strengthen the staff dealing with least developed countries both at Headquarters and in the field would merit his concern.

119. The Governing Council heard statements by the representatives of IBRD and UNCTAD on their special action and special programmes in favour of the least developed countries.

Observations of the Administration

120. In reply to questions and comments of members, the Assistant Administrator and Director of the Regional Bureau for Africa recalled paragraph 12 of DP/L.210, on the basis of which the Secretariat had undertaken to identify the main problems impeding development in the least developed countries. He stressed the importance of recognizing the need for different approaches to meet the diverse conditions of the countries concerned. That explained the dissimilarity of actions taken in Lesotho and Rwanda on one hand and Upper Volta on the other. He also informed the Council that one of the important aspects of the role of UNDP was the possibility of serving as a catalyst in mobilizing external aid to the least developed countries with a view to enabling the latter to implement successfully the action oriented programmes resulting from the identification of constraints impeding the development of those countries.

121. The Deputy Administrator (Programme) made it clear that the Administration shared the concern expressed by several members about the establishment of separate development resources and programmes for the least developed countries and was not happy with the principle of earmarking. In his view, UNDP should certainly be an indivisible Programme. The present means of raising additional funds was a provisional interim measure which would not be used beyond 1976, once the level of IPFs for the least developed countries had been adequately increased.

122. He reassured members which had made special pledges for the least developed countries that the estimate of \$20 million had not been calculated on the basis of the results of the 1972 Pledging Conference. The proposed figure of \$35 million represented a reasonable figure which would increase the share of the least developed countries to 22.5 per cent of the total resources of the Programme for the period 1972-1976, which was a medium way towards the target of 25 per cent set up by the Council as a fair share of the total resources of the Programme to be devoted to those countries. He stated that the Administration did not expect the same contributions from the same countries in the next four years.

123. As regards the use of the \$35 million, the Administration had made an effort, through special studies and other consultations, to find out what measures would be most useful in those countries but it had certainly never contemplated the idea of trying to impose any measure or any programme on any of the 25 countries. If the Council authorized the use of the \$35 million, the Resident Representatives

would invite the Governments of those countries to submit programmes that would be financed through the additional funds. A report on those programmes would be submitted to the Council. The fact that six countries had been selected for study did not mean that UNDP special efforts would be concentrated on those countries.

124. The Administration had no plans at present regarding the distribution of the additional funds. The intention, however, was not to divide them among sectors or on a pro rata basis among the 25 countries unless, of course, the requests from the Governments to do so were overwhelming. Perhaps the Council would be willing, as one member had suggested, to trust the Administrator's judgement in the matter.

125. The Deputy Administrator urged the Council not to insist on diverting any other savings to the least developed countries as they were needed to reduce the current over-all Programme deficit.

126. He assured the Council that proper attention would be given to regional projects and that UNDP had no intention of taking over any part of the aid co-ordination role of the Governments. Assistance in aid co-ordination would only be given when requested.

127. He made it clear that there would be no special arrangement such as setting up a separate department at Headquarters for the least developed countries. As two thirds of those countries were in Africa, the Regional Bureau for Africa would be strengthened to enable it to meet the necessary increased effort.

128. Although the Administrator was determined to direct the best qualified staff to the least developed countries, he had yet to decide how best to proceed in the matter. The Council would certainly be kept informed of new developments in that connexion.

Decision of the Governing Council

129. At its 363rd meeting, the Governing Council:

(a) Took note of the report of the Administrator on special measures in favour of the least developed among developing countries (DP/L.263) and of the observations and suggestions made during the discussion of that item;

(b) Authorized the Administrator, as a provisional measure, to take the figure of \$35 million as the planning figure for special measures for the least developed among developing countries for the period 1973-1976, and, on the basis of the requests made by the Government authorities, to co-operate in programming new and additional activities along the lines mentioned in the report;

(c) Requested the Administrator to report to the Council not later than the seventeenth session on action taken and proposed for the period 1973-1976 in response to the authority given in paragraph (b) above.

CHAPTER III

DRAFT OMNIBUS STATUTE FOR THE PROGRAMME

130. Under item 7 of its agenda, the Governing Council had before it:

(a) The text of the draft statute (DP/L.177) which the Administrator had submitted to the Council at its twelfth session, proposed modifications to bring that text up to date (DP/L.177/Add.2-4), and an indication of the sources of the provisions making up that draft statute (DP/L.177/Add.1);

(b) Observations of participating States and Participating and Executing Agencies on the draft statute (DP/L.206 and Add.1-3), together with an article-by-article guide to those observations (DP/L.206/Add.4).

Summary of discussion

131. Members of the Council were virtually unanimous on the importance of the subject under discussion and that the preparation of a statute which would serve as the charter of UNDP called for the utmost care and attention. The point was stressed that the manner in which the statute was prepared could materially affect the pace and direction of UNDP's evolution, and that that made the Council's present task both a great challenge and a responsibility. The statute should be conscientiously prepared and formulated since it would be constantly cited and referred to in the future. Moreover, a well-prepared statute would promote the effectiveness of UNDP activities and thus redound to the benefit of the countries which UNDP was designed to assist. Some members expressed the view that any delay in adopting a statute would be regrettable and unjustifiable.

132. In their references to the text of the draft statute submitted by the Administrator, a number of members affirmed that it manifested care and seriousness in its preparation. The Administrator's draft was also characterized as an excellent piece of work and one which the Council could commend without any important modifications to participating States. Some members advanced a number of specific principles or stipulations which they felt should be included in the statute. One member stressed, inter alia, principles such as withholding assistance from countries taking part in aggressive acts and from Governments and régimes engaging in policies of apartheid and racial discrimination condemned by resolutions of the General Assembly.

133. As regards the nature of the task which the Governing Council was called upon to perform, several members observed that under General Assembly resolution 2688 (XXV) the Governing Council had been called upon to do no more than consolidate existing legislation relating to UNDP. They found confirmation for that view in the terms of General Assembly resolution 2814 (XXVI), and therefore felt that the present occasion was not a proper one for innovation. Moreover, UNDP would not become any less dynamic if the Council were to confine the statute

at that stage to a consolidation of existing provisions. While agreeing that the Council's basic task was one of codifying existing provisions, other members stressed that to confine the present exercise to a mechanical codification of such provisions would be unduly rigid, and that changes which more than two years' actual experience with the Consensus had shown to be necessary or desirable should be taken into account. The opinion was also expressed that the Administrator, as the authority who would have to implement the statute, should be asked for his own opinion on the provisions which it should embody.

134. Virtually all members of the Council considered it desirable that a working group be established to consider the matter in greater detail and subsequently report to the Governing Council, and several members expressed the view that the working group should meet three or four days before the sixteenth session of the Governing Council. A few thought that the working group could meet or at least have an organizational meeting during the current session. One member said that the working group should not meet at the same time as either the Budgetary and Finance Committee or the plenary meetings of the Governing Council. With respect to the composition of the working group, most members felt that it should be a working group of the whole Council. A few thought it preferable to have a group with a limited number of members, with the understanding that other delegations could send observers to its meetings, as a large working group would be unwieldy and its effectiveness impaired.

135. Many members stated that they had found it somewhat difficult to have to work with a multiplicity of documents on a matter which was complex enough to begin with. They felt that the Administrator should be requested to prepare for the June session a new paper incorporating the material now found in the various documents on the subject.

Decisions of the Governing Council

136. At its 351st meeting, upon the conclusion of its discussion, the Governing Council decided:

(a) To establish a Working Group of the Whole, which would meet three or four days before the opening of the June 1973 session of the Governing Council, to examine the matter in greater detail and prepare a draft statute for the Council's consideration;

(b) To request the Administrator to prepare a new paper which would form the basis for the discussions of the Working Group and which would include all relevant material on the draft statute now found in the various documents before the Council.

137. At its 365th meeting, the Governing Council further decided to fix 5 March 1973 at the final date for the receipt by the UNDP Administration of written comments on the draft statute.

CHAPTER IV
FINANCIAL MATTERS

138. Under item 5 of its agenda, the Governing Council considered the following matters on the basis of reports of its Budgetary and Finance Committee, to which item 5 was referred for preliminary consideration:

(a) Revised estimates of resources and Programme costs for 1973 and for the period 1972-1976 (DP/L.262 and Corr.1);

(b) A report by the Administrator on the current status of arrangements for the custodianship of UNDP funds and on arrangements for the direct management by UNDP of its accounts (DP/L.253);

(c) Audit reports, including a report of the consolidated financial position of the UNDP accounts as of 31 December 1971 and the audited accounts of the Participating and Executing Agencies relating to funds allocated to them by UNDP (DP/L.264);

(d) A progress report on Agency overhead costs, including a report by the CCAQ Task Force on a Cost Measurement System, and reports by the Joint Inspection Unit (JIU) and by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (DP/L.251 and Add.1-3);

(e) A report on the activity carried out under the Programme Reserve from 1 January to 15 November 1972 (DP/L.266).

A. REVISED ESTIMATES OF RESOURCES AND PROGRAMME COSTS FOR 1973
AND FOR THE PERIOD 1972-1976

139. In introducing document DP/L.262 and Corr.1 in the Budgetary and Finance Committee, the Assistant Administrator, Bureau of Administration and Finance, drew the attention of the Committee to the statement of the Administrator at the opening session of the Governing Council which provided a comprehensive framework for the Committee's consideration of the documentation before it.

140. The Assistant Administrator also brought to the attention of the Committee further data and explanations with respect to changes that had occurred in resources and Programme cost projections over the period 1972-1976. Subsequent adjustments were effected to those estimates as a result of an announced increase of \$2 million in the 1973 contribution of one member. That led to a revised estimate for the projected deficit of approximately \$100 million for the period 1972-1976. Among the factors revealed as having contributed to the deficit were a shortfall of \$30.4 million in the original estimates for resources; a \$29 million reduction from the amount initially expected to be available from prior years' resources for infusion into the Programme; and the decision by the Governing Council at its fourteenth session to effect a \$17.5 million increase

in country IPFs. The other major element in the anticipated deficit - approximately \$25 million - derived from adjustments in the projected estimates for voluntary contributions.

Summary of discussion in the Committee

141. During the discussion, several members questioned the terminology used to describe the difference between resource projections and Programme costs in the initial programme period. While the documentation made reference to "over programming of resources", the consensus of members referring to the subject was that the term "projected deficit" more appropriately described the situation.

142. A large majority of members fully supported the Administrator's proposal for attacking the deficit by calling upon all contributing States to increase their contributions. In that connexion, one member noted, with reference to 1973 pledges, that approximately one half of the contributing countries did not increase their contribution to the Programme. A great number of members were also of the opinion that, in accordance with the Consensus and the decisions taken thereon, there was a clear commitment on the part of Governments of developed countries to increase their contributions by at least 9.6 per cent annually. They referred to General Assembly resolution 2973 (XXVII) calling on Governments, and in particular on those donor Governments whose contributions had lagged behind in recent years, to increase their contributions to UNDP by at least 15 per cent annually in order to promote the objective of doubling the total resources available to the Programme by 1975.

143. Some members, however, excluding the question of the increase of their own contributions, stated that they had not supported General Assembly resolution 2973 (XXVII) because they did not consider it realistic. In that connexion, one member, while stressing the necessity of increasing contributions, pointed out that the nature of voluntary contributions was incompatible with the setting of any fixed percentage rate of increase. One member, supported by another, stated that reference to a clear commitment to increase voluntary contributions could not be applied to all developed countries, and in particular to his own country since it did not participate in colonial exploitation of the developing countries and therefore could not carry a responsibility for the state of their economies.

144. It was noted that the Administrator also sought the Council's agreement to resist placing additional demands for expenditure through increases in IPFs and new operations. However, many members felt that that restriction should be confined to new operations outside the scope of the approved IPFs. Several members, however, expressed concern at the fact that, as stated in paragraph 14 of the Administrator's report, even if the deficit was covered, the present level of programme delivery represented a static or slightly declining programme in real terms. In that connexion, one member stated that in his view the low annual increase of programme costs was due rather to the front-loaded distribution of projects within the present five-year period.

145. In commenting on the proposal to delay implementation as a means of containing the Programme within its resources, most members registered concern over the effect of such action on the Programme. It would involve increased project costs,

undesirable psychological impact and delaying action even at the project formulation stage. It was felt that such a course of action should not be followed and that the projected deficit should not delay the implementation of country programmes and projects or adversely affect the Governing Council's decision on the level of IPFs. It was also felt that delayed implementation of UNDP projects could adversely affect the global plans of the recipient countries. Moreover, it was pointed out that delays in implementation might hurt low income countries particularly hard, and that should be avoided.

146. In considering ways and means of bridging the deficit, the majority of members considered voluntary contributions to be the crucial source. The majority of members supported the proposal of the Administrator that IPFs should not be decreased in the first cycle. In that connexion, the practice of including special contributions for the least developed countries in voluntary contributions received the attention of the Committee. Several members requested that those additional amounts, which were over and above the regular increases of at least 9.6 per cent, be separated by the Administrator when reporting on voluntary contributions, in order to reflect properly the status of Programme resources. Several members expressed concern over that practice, which they considered contrary to the provisions of the Consensus, while others explained the reasons which induced the special contributions. Reference was also made by some members to the negative effects of establishing special funds for special purposes on the over-all situation of UNDP and on the priorities established in country programmes.

147. Two members recalled that the Governing Council, at its fourteenth session, had also recognized that, besides an increase in contributions, the anticipated deficit could be met by three other means, one of them being to utilize funds from the Operational Reserve. In that connexion, another member stated that the Operational Reserve was set up for other purposes and therefore should not be used to bridge the projected deficit.

148. While reviewing the supply and demand sides of the Programme, two members reiterated their previous views on the need to reduce the level of the Operational Reserve. On the demand side, the benefits through reductions in the administrative budget and overhead costs were discussed. While commending the Administrator on his budget reductions, members stressed the need for continued financial stringency in the management of the Programme. Especially, the more careful planning of the phasing of project components was welcomed by several members as a cost reducing device by means of modern management techniques, as for instance network planning for each project. One member, with the support of several others, pointed out the benefits in terms of economy and efficiency of pooling or merging of resources allocated for overhead with IPFs. Two members expressed doubt about the soundness and equity of that proposal. They felt that resources allocated for overheads should not be pooled with IPFs as the merger might result in a reduction in the amount of the IPFs available for project implementation. One member pointed out that if in fact the deficit was not met by increased contributions, and if no arrangements were made to offset that before 1976, the programme for that year would have to be reduced by about 25 per cent. Two members stated that in case UNDP should be faced at the end of the first development cycle with a real deficit, that deficit should be absorbed before entering the programme exercise of the following cycle.

149. In view of the present financial difficulties of UNDP, which suggested that the present approach to long-term financing of UNDP was not quite satisfactory, it was pointed out by one member that the whole method of financing the Programme should be reviewed at some appropriate later stage.

150. The Committee was in general agreement that, while there was reason for concern over the state of the Programme, there was no need for panic. One member stated that with the change in the funding arrangements the situation was to be expected in that the Programme was now operating closer to the margin of survival. Members agreed that more information was required from the Administrator to assist them in their continuing review of the financial aspects of the Programme.

Observations of the Administration in the Committee

151. The Assistant Administrator of the Bureau of Administration and Finance confirmed that the financial situation was not desperate. However, the Administrator had been inspired to stress the need for certain actions in his statement to the Council by the discussion at the October 1972 session of the Inter-Agency Consultative Board on the danger of the Programme going downhill.

152. He indicated that he was very encouraged by the statements of two members representing donor Governments concerning possible future levels of contributions and added that it seemed in the present circumstances that the 15 per cent rate of increase recommended in General Assembly resolution 2973 (XXVII) provided a reasonable target for contributions.

153. Responding to comments and suggestions by members, he indicated that the Council would be provided with increased information at future sessions. A study would be undertaken on the effects of inflation on the Programme, and requested cash-flow and liquidity reports would be provided.

154. In noting the comments of members on the question of special contributions for the least developed countries, he stated that such contributions would be reported separately in the future. He expressed his view that the earmarking of special contributions was counter to the financial philosophy of the Programme and further complicated forward planning.

155. Replying to some members' questions regarding the considerable reduction of assessed Programme costs, he stated that while the amount was mathematically computed on the basis of country IPFs, it also reflected a somewhat flexible approach in approving waivers or partial waivers.

156. In replying to the question of one member, the Assistant Administrator stated that the present IPFs of Pakistan and Bangladesh were provisional and would be reviewed in accordance with the decision of the Governing Council.

157. Commenting on the liquidity position, the Assistant Administrator stressed the need for all payments to the Programme to be made as promptly as possible. In that connexion, he expressed appreciation to Governments for their response to requests for payments during recent months.

158. The comments of members on the need for continued efforts by the Administrator to reduce administrative costs was noted and the Committee was assured that that point was very much on the Administrator's mind in his drive for maximum operating efficiency.

Decision of the Governing Council

159. At its 364th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council, subject to the reservations and observations expressed in the Budgetary and Finance Committee and in the Council:

(a) Took note of document DP/L.262 and Corr.1 and expressed concern at the large projected deficit in resources over the period 1972-1976;

(b) Noted that one of the principal causes of the projected deficit was the inadequate rate of increase in voluntary contributions and the non-fulfilment by some countries of the agreed target rate;

(c) Expressed serious concern at the fact that in the Administrator's own estimates in paragraph 14 of DP/L.262 and Corr.1 the miniscule increases in dollar terms for programme delivery represented in real terms "a static or slightly declining programme";

(d) Noted that the situation described in paragraph (c) was the result of the inadequate rate of increase in resources mentioned in paragraph (b) further exacerbated by the accelerated distribution of prior years' resources (arising inter alia from front-loading), inflationary forces and higher administrative costs;

(e) Considered that the solution to the projected deficit and to the situation described in subparagraph (c) was a substantial increase in the rate of growth of voluntary contributions;

(f) Urged all Governments, and in particular those donor countries whose contributions had lagged behind the agreed target level of 9.6 per cent annual increase:

(i) To increase their contributions by at least the minimum level required for the full implementation of the approved programme;

(ii) To respond favourably to the invitation contained in General Assembly resolution 2973 (XXVII) to increase their contributions by at least 15 per cent annually in order to ensure the dynamic growth of the Programme;

(g) Expressed concern over the progressive rise in the ratio of total administrative costs to field programme costs;

(h) Urged the Administrator to continue his efforts to exercise the greatest financial stringencies possible in the administration of the Programme;

(i) Recognized that any attempt to slow the pace of delivery of programmes for recipient Governments would be a negative and undesirable approach to cover the deficit and that attempts to meet the projected deficit should not delay the implementation of country programmes and projects nor adversely affect decisions on the level of IPFs;

(j) Requested the Administrator to proceed with caution in the granting of waivers of assessed programme costs for countries other than the least developed of the developing countries in conformity with the relevant decisions of the Governing Council at its fourteenth session;

(k) Requested the Administrator to present to each session of the Governing Council estimates of resources and Programme costs on the basis of an extensive financial and operational monitoring system, with supplementary information on cash flows and liquidity positions;

(l) Requested the Administrator to present to the sixteenth session of the Governing Council a report on the alternatives to deal with the projected deficit and related matters and in particular the possible implications, in terms of efficiency and economy, of a system of:

- (i) Merging the budgetary allocations for overheads with the IPFs;
- (ii) Reimbursing overheads and direct project costs from a single account.

B. ARRANGEMENTS FOR THE CUSTODIANSHIP OF UNDP FUNDS

160. The Budgetary and Finance Committee had before it document DP/L.253, in which the Administrator informed the Governing Council that he had decided to postpone the question of transfer of custodial responsibility for the time being but that he had, on the other hand, made arrangements, in mutual co-operation with the Office of Financial Services of the United Nations, to assume direct management of UNDP accounts from 1 January 1973.

161. In considering the document, the Committee had the benefit of the comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), annexed to document DP/L.253, which supported the Administrator's decision to assume that direct management of the accounts.

Summary of discussion in the Committee

162. There was general support for that decision by the Administrator. Several members saw direct benefits accruing from that development in the form of an immediate availability of data for decision-making and the production of timely management reports. Some of those members were also of the view that by directly managing the accounts, the Administrator would have financial information, readily available, which would permit him to make timely decisions with regard to the investment portfolio. In the view of some members, the distinction between the custodian function, which was the responsibility of the Secretary-General, and the accounting function, now under the responsibility of the Administrator, remained

... fear. Members looked forward to receiving a report from the Administrator at the seventeenth session on developments during 1973. One member expressed the view that the transfer of accounting functions to the UNDP should not result in higher administrative expenditure than was the case when such functions were carried out by the United Nations.

Decision of the Governing Council

163. At its 364th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council took note of document DP/L.253 as well as the views of the Budgetary and Finance Committee thereon.

C. AUDIT REPORTS

164. In document DP/L.264, the Budgetary and Finance Committee had for review the consolidated financial position of UNDP at 31 December 1971 along with the agencies' financial statements and the auditors' reports thereon.

Summary of discussion in the Committee

165. There was a short discussion on the document. One member considered it to be a quite comprehensive document and hoped that it could be submitted to the June session of the Governing Council following the close of the financial year being reviewed. The UNDP Administration explained that it was virtually impossible to meet that time-schedule, having regard to the number of steps involved in producing the document, including the preparation of financial statements by individual agencies, review and certification by auditors, consolidation of the agencies' financial statements by UNDP headquarters and finally readying the document for reproduction.

Decision of the Governing Council

166. At its 364th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council took note of document DP/L.264 and of the comments made thereon in the Budgetary and Finance Committee.

D. AGENCY OVERHEAD COSTS

167. Under subitem 5 (c) of the agenda, the Budgetary and Finance Committee had for consideration, in documents DP/L.251 and Add.1 and 2, a progress report by the Administrator on agency overhead costs. The documentation contained reviews of the Consultative Committee on Administrative Questions (CCAQ) task force's cost-measurement studies by the Joint Inspection Unit (JIU) and ACABQ. Those reviews had been requested by the Governing Council. The Committee also had before it document DP/L.251/Add.3, which contained the recommendations of the Administrator for the application of flexibility arrangements in 1973 in favour of five participating and executing agencies.

Summary of discussion in the Committee

168. Members expressed satisfaction with the analytical study done by the JIU and stressed the point that the cost-measurement structure being built by agencies would provide a sound basis for the effective measurement of costs. They also expressed their agreement with the ACABQ's commentary which underscored the conceptual and policy issues that would in time confront the Council. The JIU's review, one geared to the technical quality of the cost-measurement system, produced a set of recommendations many of which found general acceptance.

169. In particular, the JIU had expressed disappointment at the fact that UNDP and UNESCO had not taken an active role in helping to develop the system. There was a unanimity of feeling among members that both those organizations should participate in the task force. Representatives of both organizations explained why that had not been the case and informed the Committee that they intended now to participate at the forthcoming session of the task force in May. UNDP would also be heedful of the JIU's recommendation to develop its own system which would be complementary to that of agencies.

170. Members reacted favourably to the JIU's recommendation that the year 1973 should be experimental for the purpose of accommodating improvements in the system; several suggested Council flexibility with regard to the time-table which had been approved. Some members expressed the view that the Governing Council should keep this question under constant review and suggested that the Administrator should present a progress report to the sixteenth session of the Governing Council on the further measures taken in regard to agency overhead costs.

171. Several members supported the JIU's recommendation that the attribution of costs should be carried to the project level, providing a knowledge of factual project-by-project costs and also of standard costs by project-type. Some members cautioned against carrying the measurement and attribution of costs to extreme degrees of precision which might increase the ratio of overheads to programme costs. Some members stated that one had to keep in proper perspective the extra quality of service being produced by the spending of additional overhead money and decide at what point it would be better to forego extra service and, alternatively, channel the resources into the programme. In that connexion, the point was stressed that the proportion of overhead costs in the total amount must be kept in an acceptable relationship and should, in no case, be disproportionate to programme costs.

172. There was general agreement with the JIU's recommendation that agencies should modernize their administrative machinery. No clear consensus was reached, however, on whether such costs should be financed from agency regular budgets or from agency overhead funds provided by UNDP, as recommended by the JIU.

173. The majority of those who took part in the discussion agreed with the JIU that the inter-agency task force should be formalized and regular sessions scheduled.

174. Members turned their attention beyond questions of technique to more fundamental issues. They hoped that the Council would be furnished in due course with complete reports on the cost system designed in such a way as to permit, with the minimum of interpretation, meaningful judgements to be made on cost comparisons among agencies. In that connexion, the UNDP Administration expressed

a hope that member Governments, particularly those providing bilateral assistance, would develop a comparable system of cost measurement in connexion with their assistance programmes. That would provide a comparative base for future discussion.

175. With regard to the level of agency overhead reimbursements, members held the view that the cost-effectiveness of services provided was paramount; every effort should be made to reduce the cost of providing programmes to Governments. In that connexion, three views, expressed in previous sessions of the Council, were reiterated: services which lent themselves to common arrangements should be provided centrally; alternative methods of project execution should be explored; and consideration should be given to permitting countries with proved national procurement agencies to undertake procurement themselves. The UNDP Administration informed members that a modest beginning had been made on two points: arrangements were under study with UNICEF on the use of UNIPAC facilities in Copenhagen, to supply certain standard items of equipment directly to projects; and UNDP, on a very limited scale, had begun to execute projects directly. UNDP undertook to look into the possibility of allowing direct procurement by Governments under controlled circumstances. Members recognized the fact that questions of principle concerning the level, method and form of future reimbursements were yet to be solved, but many felt that those decisions should await the completion of the task force's study. One member suggested full reimbursement by UNDP to the agencies of overhead expenses incurred in connexion with the implementation of projects financed under the UNDP programme, and at the same time stressed the necessity of taking all possible measures to reduce that overhead expenditure.

176. One member stressed the point that while it was indispensable to develop procedures to determine the amount to be reimbursed to the Executing Agencies as overhead costs, still the major issue was the determination of the manner in which such reimbursement should be done. In the view of that member, the practice of paying 13 per cent agency overhead costs from a special budgetary allocation was distortional since it forced the build-up of technological capacity inside the system, even if that build-up seemed not to be advisable. Furthermore, it could be considered discriminatory since it over-taxed the recipient countries, which did not find inside the system the technological capacity they requested. In view of the growing technological sophistication of projects, that fact should be considered one of particular importance. In that connexion, another member advanced the possibility of having overhead costs charged against IPFs. That suggestion was supported by the previous member, who commented that by incorporating into the IPFs the present allocation of overhead costs in such manner as to have all costs charged against one single account, a strong pressure towards economy and efficiency would have been created.

177. Finally, members agreed that for 1973 additional overhead payments totalling no more than \$490,130 should be paid to five executing agencies (IMCO, UNCTAD, UPU, WMO and ICAO) under flexibility arrangements; one member expressed reservations thereon.

Decision of the Governing Council

178. At its 364th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note with satisfaction of documents DP/L.251 and Add.1 and 2 and the views expressed in the Budgetary and Finance Committee;

(b) Requested the Administrator to bring to the attention of the Administrative Committee on Co-ordination and its Consultative Committee on Administrative Questions (CCAQ) the report on the Governing Council on that matter and its view that very careful consideration should be given to those recommendations of the Joint Inspection Unit which were of direct concern to CCAQ;

(c) Requested the Administrator to submit a progress report to the sixteenth session and a substantive report to the seventeenth session of the Council;

(d) Authorized the Administrator to make additional overhead payments totalling a maximum of \$490,130 to IMCO, UNCTAD, UPU, WMO and ICAO under flexibility arrangements as outlined in DP/L.251/Add.3.

E. PROGRAMME RESERVE

179. The Budgetary and Finance Committee was informed by the Assistant Administrator of the Bureau of Administration and Finance that the document before it, DP/L.266, was only an interim report on the operation of the Programme Reserve and that a complete report would be submitted to the sixteenth session of the Council.

180. He also drew members' attention to paragraphs 5 and 6 of the document, which reflected the decisions of the Governing Council at its fourteenth session in connexion with the use of the Programme Reserve for the least developed countries.

Summary of discussion in the Committee

181. Members extended their appreciation of the information contained in the Administrator's report. Several members expressed concern at the inadequate level of the Programme Reserve, particularly in relation to the amount set aside for Special Industrial Services projects and disaster-related assistance, which appeared as a reduction when compared to previous amounts set aside for those activities. One member indicated that it would be useful for the Committee to have some indication of the results obtained from investment feasibility studies.

Observations of the Administration in the Committee

182. During the course of the discussion a number of queries were directed to the Assistant Administrator. In responding, he indicated that:

(a) Unexpended funds would revert to general resources at the end of the year;

(b) The reference in paragraph 6 of the report to "\$1 million" for Special Industrial Services should read "up to \$1 million";

(c) The total level of activity under Special Industrial Services of \$3.5 million as represented in paragraphs 5 and 6 correctly reflected the decision of the Governing Council at its fourteenth session;

(d) The breakdown of activities identified with the least developed countries in paragraph 3 tied in with the details and represented a portion of the amounts set out in paragraph 2.

183. In commenting on the level of the Programme Reserve, the Assistant Administrator suggested that any future decision concerning its size should await more experience by the Administration; that was especially relevant in the case of disaster-related activities.

184. Responding to the suggestion that a future session of the Council should be provided with a report on the results of investment feasibility studies, he indicated that the Division of Investment Follow-up would be requested to look into the possibility of providing such a report.

Decision of the Governing Council

185. At its 364th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council took note of document DP/L.266 as well as the comments of the Budgetary and Finance Committee thereon.

CHAPTER V

ADMINISTRATIVE AND BUDGETARY MATTERS

186. Under item 6 of its agenda, the Governing Council considered the following matters on the basis of reports of its Budgetary and Finance Committee, to which item 6 was referred for preliminary consideration:

(a) A report by the Administrator on arrangements to provide advice and support to resident representatives in sectoral fields (DP/L.260);

(b) A report by the Administrator on UNDP participation in the proposed establishment of a United Nations staff college and staff training programmes of UNDP (DP/L.255);

(c) Headquarters premises of UNDP;

(d) Revised budget estimates for the administrative and programme support services of UNDP for the year 1973 (DP/L.250);

(e) Management inspections service in UNDP (DP/L.254);

(f) A general outline of budget estimates for the year 1974 (DP/L.267).

A. REPORT BY THE ADMINISTRATOR ON ARRANGEMENTS TO PROVIDE ADVICE AND SUPPORT TO RESIDENT REPRESENTATIVES IN SECTORAL FIELDS

187. The Budgetary and Finance Committee had before it a report by the Administrator (DP/L.260) which contained conclusions and recommendations resulting from a review of needs and arrangements for advice and support to resident representatives in sectoral fields within the United Nations development system.

188. In introducing the report, the Assistant Administrator of the Bureau of Administration and Finance informed the Committee that the ideas and suggestions put forward in the Administrator's report were still tentative and preliminary in nature, and were intended to provoke a dialogue in the Committee which would be helpful to the Administrator. In seeking the Committee's guidance on that complex subject, an effort had been made to describe in broad terms the kinds of activity involved that would permit the resident representatives to function in keeping with the Consensus, which had focused on the resident representative as the key programming and monitoring figure for the United Nations system in the developing countries. The Administrator, in attempting to examine all aspects of the question of the needs and arrangements for sectoral advice, had also been guided in his review by the realities of the financial and human resources situation. Finally, the Assistant Administrator assured the Committee that no conclusions had been reached regarding possible alternative arrangements and that the Administrator would wish to hold further discussions with the heads of agencies on the matter.

Summary of discussion in the Committee

189. There was unanimous agreement in the Committee that the provision of sectoral advice and support to resident representatives was one of the most important questions before it, and one requiring a cautious approach on the part of the Governing Council and the Administrator, particularly in view of the far-reaching implications for both the agencies and UNDP.

190. While satisfaction was expressed that the Administrator, in his report, had drawn attention to some of the basic problems involved in the provision of sectoral advice, regret was expressed that the report was not more precise in focus, and that there was a lack of detailed information, particularly regarding the financial implications of the Administrator's proposals. In that regard, considerable importance was attached by the Committee to the need for a comprehensive and detailed feasibility study to be prepared by the Administrator, after obtaining the views of all parties concerned, and which could be submitted to the Council's seventeenth session. The study should, inter alia, take into account the following factors: the experiences and main problems encountered concerning the arrangements with FAO and UNIDO; the financial implications for both existing and alternative arrangements which might be envisaged; the comparative costs over a six months' period between the services of sectoral advisers integrated into resident representatives' offices and those of outside technical consultants; the relative inputs of sectoral analyses prepared at agency headquarters in the country background papers; and the ongoing study of agency overhead costs, including the proposal put forward by one member at the Council's thirteenth session that UNDP finance the cost of agency field advisers while the agencies would absorb a substantial share of the overheads presently reimbursed by UNDP. In addition, the hope was expressed that a summary of the information provided to the Administrator by the participating agencies and the resident representatives regarding the need for and means of supply of sectoral advice and support could also be submitted to the Council. One member considered that it would be useful in evaluating the merits and drawbacks of various proposals, if their financial implications were spelled out more precisely, preferably according to the format used in Fifth Committee documentation. Another member regretted that no information regarding the tenor of the discussions at the October 1972 meeting of the Inter-Agency Consultative Board (IACB) on the matter of sectoral advice had been included in the Administrator's paper and urged that information on IACB discussions be made available in future reports on that subject.

191. In the opinion of many members, the main thrust of the Administrator's approach should be to ensure that the present system of sectoral support functioned efficiently and was adapted to the requirements of country programming by improving the quality of sectoral expertise and by strengthening the co-ordination and leadership function of the resident representative's office. To that end, the importance of several factors was underscored. Those factors included: (a) the recruitment, briefing and training of well-qualified, high-calibre sectoral advisers with a good general knowledge of their fields of competence; (b) the desirability of country experience and thorough knowledge of local conditions needed to formulate sectoral advice and follow-up of programming; and (c) the use of the wealth of expertise of high-qualified project personnel on the spot, especially project managers, for specific problems within different sectors. In addition, agency experts or officials in regional offices or from agency headquarters could also provide supplementary sectoral support to resident representatives.

192. In the ensuing discussion, emphasis was also placed on the need to keep to the spirit of the Consensus, with particular reference to preserving an integrated approach at the country level in which all possibilities offered by the United Nations system were utilized. In this context, several members shared the view that sectoral advisory assistance to the resident representatives should come primarily from the agencies in the United Nations system, while one agency representative stated that the agencies should not be pushed to the periphery in the development of sectoral advisory competence but should be at the centre of activities.

193. Serious concern was registered by a great number of members over the impression created by the Administrator's report that the special agreements with FAO and UNIDO were not functioning in an entirely satisfactory manner, and that the possibility of phasing out the programme of industrial field advisers was being considered by the Administrator. In their view, the existing arrangements incorporated a number of desirable features and should be maintained and, wherever possible, expanded. At the same time, it was generally recognized that efforts to seek improved or more effective arrangements should continue. Members generally took the view that no final recommendations or alternative solutions should be envisaged, nor should similar arrangements be extended to other agencies pending the outcome of a full-scale review and further consultations and negotiations by the Administrator with the participating organizations. Members therefore welcomed the Administrator's proposal that he be authorized by the Council to hold further discussions with the heads of agencies at the forthcoming IACB meeting in April. A member further suggested that discussion in the Economic and Social Council, the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination would also be illuminating.

194. The question of the UNIDO field advisers figured prominently in the discussion. Repeated reference was made to resolution 2953 (XXVII) adopted unanimously by the General Assembly on 11 December 1972, which not only stressed the importance of strengthening the links of UNIDO with the developing countries through the programme of industrial field advisers, but also urged the Governing Council to provide at its present session additional financing necessary to increase the number of industrial field advisers in order to achieve in 1973 the level envisaged by the Governing Council at its thirteenth session. In that context, the question was raised whether there was an inherent contradiction between that resolution and the Administrator's announced intention to explore the possibility of revising the existing arrangements with UNIDO. Moreover, concern was expressed that a discontinuation of financial support by UNDP to the industrial field advisers programme would have adverse effects on the industrial development efforts of the developing countries since it would jeopardize UNIDO's ability to maintain that useful and important service in the industrial field.

195. Some reservations were expressed regarding the statement contained in paragraph 18 of the Administrator's report to the effect that there was little or no possibility of securing in one individual the know-how or experience to advise on all or even the main aspects of industrial development. It was noted in that regard that such an assertion could be made with respect to advisers in other fields as well, and the singling out of an agency whose activities dealt with issues of central importance to development in general was regrettable. It was further stated that that statement on human limitations was exaggerated. However, one member shared the Administrator's view that in the light of today's sophisticated technologies, a consultancy system in that sector would be preferable.

196. As regards financial aspects, several suggestions were made which were aimed at obtaining a reduction of costs. Interest was expressed in the idea put forward by one member that the 30 industrial field advisers, to be financed by UNDP, might instead be supplied as 30 man-years of advice, to be provided on a consulting basis, as and when required. Another member expressed the view that that could result in another consultancy programme similar to SIS, and that it would be preferable to have resident or regional field advisers who could identify special short-term needs where consultancy services might be utilized. Consideration was also given to the suggestion that, in view of the fact that the activities of sectoral advisers were primarily operational in nature and only to a limited extent administrative, UNDP might consider the possibility of financing those services from some other account than the administrative budget. A third proposal related to the pooling of expertise at the regional level. Subsequently, one member expressed the hope that anxiety on the part of the agencies with regard to the financing arrangements for sectoral support would not result in agency competition for scarce resources of international expertise.

197. There was a divergence of views concerning the scope of the Administrator's accountability. One member expressed the view that the Administrator's responsibility for the soundness of programmes and projects was limited to a financial one. Another member stressed the dominant responsibility of Governments and the Governing Council in those matters on the basis of the Consensus. Several members, however, emphasized in varying degrees the enhanced responsibility of the Administrator for all phases of the Programme under the terms of the Consensus. Some members said that that should be balanced by the partnership role of the agencies and they therefore concluded that the Administrator should turn as far as possible to the agencies to obtain the sectoral competence he needed.

198. Discussion also focused on the agencies' advisory role to Governments. The hope was expressed by one member that any revised or new arrangements which might be worked out with FAO and UNIDO would be such as to permit the agency advisers to carry out their organizations' legitimate advisory role to Governments as well as to UNDP, and at the same time prevent any misuse of the advisers' role through over-zealous attitudes.

199. Commenting on the Administrator's proposal to enlarge the substantive team in the office of the Resident Representative through temporary secondments from the agencies, a representative of a smaller, technical agency noted that that would have wide-ranging effects for his type of agency in terms of human and financial resources. He hoped that more precise information regarding the duration and financing envisaged for such secondments might be provided. The same representative also found it regrettable that, except in connexion with initial postings, visits by Resident Representatives to agency headquarters for purposes of briefing had been largely discontinued. He considered that the Resident Representatives were thus deprived of yet another opportunity of securing sectoral assistance from the agencies.

200. Several members commended the efforts of FAO and the ILO in restructuring and decentralization and strongly urged that other agencies should likewise become more streamlined and adapt themselves to the new conditions of development.

201. Finally, reference was made to the fact that at the present stage of country programming, no single format could be evolved which would readily meet all the unique problems of planning the developing countries' participation in UNDP, and that the degree of expertise, experience and consultation required varied drastically, depending on the type of programme.

Observations of the Administration in the Committee

202. The Assistant Administrator thanked the members of the Committee for their extremely illuminating and thought-provoking dialogue. He was particularly encouraged to note that nowhere in the debate had the leadership role of the Resident Representative been challenged, a development that had only come about through the co-operative efforts of the agencies in the United Nations system. Responding to questions raised during the course of the discussion, he first pointed out that the Administrator's report had not meant to give the impression that the Administrator was proceeding hastily or that he intended to dismantle successful operations. He assured the Committee that every effort was being made to move carefully and to consult fully all the participating organizations involved. In any case, no drastic, sudden changes had been envisaged. He expressed the hope that the Administration would be allowed enough time to give the problem the in-depth treatment it deserved and to produce the kind of documentation requested by the Committee.

203. He indicated that pending the outcome of the current studies and negotiations, the Administrator expected to maintain the existing arrangements and to make them as successful as possible. Referring to General Assembly resolution 2953 (XXVII) mentioned by many members, he expressed the hope that the Committee would not feel that there was an embargo on seeking ways of improving the functioning of the arrangements for providing advice and support in the industrial sector.

Decision of the Governing Council

204. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

- (a) Took note of document DP/L.260 concerning advice and support to Resident Representatives in sectoral fields, as well as the views expressed thereon in the Budgetary and Finance Committee;
- (b) Stressed the importance of consultations between UNDP and the participating organizations in order that they might develop integrated arrangements in conformity with the provisions of the Consensus;
- (c) Considered that the existing arrangements with UNIDO should continue to be implemented in conformity with General Assembly resolution 2953 (XXVII);
- (d) Considered that the existing arrangements with FAO should continue to be implemented;
- (e) Considered that, taking into account the views expressed in the Budgetary and Finance Committee and the Programme's financial situation, the Administrator should:
 - (i) Pursue with FAO the ongoing review of arrangements concerning agricultural field advisers;
 - (ii) Examine and consider with UNIDO the arrangements relating to industrial development field advisers;
 - (iii) Proceed to discussions with heads of the other bodies in the United Nations system regarding the most effective means of providing the kinds of advice and support to the Resident Representatives which best responded to the needs of the developing countries;
- (f) Recommended that arrangements similar to those with FAO and UNIDO should not, at present, be extended to other sectoral fields;
- (g) Invited the Administrator to report to the seventeenth session of the Council on the results of his discussions with different organizations in the United Nations system.

B. UNDP PARTICIPATION IN THE PROPOSED UNITED NATIONS STAFF COLLEGE
AND STAFF TRAINING PROGRAMMES OF UNDP

205. The Budgetary and Finance Committee had before it document DP/L.255. The Assistant Administrator of the Bureau of Administration and Finance indicated that the report was before the Committee in response to the Governing Council's requests at its thirteenth and fourteenth sessions and reflected the progress made up to date in regard to various types of staff training activities. He recalled that the Council at its thirteenth session approved in principle the idea of UNDP's participation in the United Nations staff college and furthermore decided that the approval in principle should not, at that stage, be taken as committing UNDP to any particular arrangements for sharing in the cost of financing the budget of the college.

206. The Assistant Administrator said that the Administrator had given urgent attention to the Secretary-General's revised proposals for the establishment of a staff college to the General Assembly at its twenty-seventh session (A/8829 and Corr.1 and 2 and Add.1), 6/ had discussed the matter in extenso with the Advisory Committee on Administrative and Budgetary Questions (ACABQ), and had considered carefully the observations of ACABQ in document A/8935. 6/

207. While the Administrator continued his support of the general concept of a United Nations staff college, he was concerned about the level of financial input suggested for UNDP. In addition to the constraints imposed by the financial situation of UNDP, there was doubt about the extent to which UNDP would be able to make direct use of the staff college to complement and supplement its own training programmes. He was therefore of the view that UNDP participation required more study, and the views of the Committee would be of special value in that connexion.

Summary of discussion in the Committee

208. General support was expressed by the Committee for the Administrator's description of staff training plans in general. The hope was expressed that they could move forward in dynamic fashion.

209. Support was also expressed for the Administrator's careful approach to the United Nations staff college and to the financial implications that that undertaking might have on UNDP's budget as indicated in paragraph 11 of DP/L.255. Some members felt that the item had been on the agenda for too long and that a decision should be reached as soon as possible. It was felt that the decision should be made only after the Administrator presented additional data with a clear indication of the actual use that UNDP would plan to make of the staff college programmes and the cost-benefit ratio, at the next session. The Committee expressed approval of the Administrator's efforts to ensure that staff college participation by UNDP would be fully justified by the results, especially in the context of the present over-all financial situation.

6/ Issued in offset form.

210. One member expressed serious reservation regarding the establishment of a United Nations staff college and indicated that the sizable expense would argue against its existence. Another member expressed great disappointment with regard to the decision of the General Assembly respecting postponement of a decision and agreed that an immediate action be taken on the matter by the Governing Council. One member referred to the fifty-third session of the Economic and Social Council and indicated that the representative of the Administrator had confirmed UNDP's willingness to participate in the staff college.

211. Another member requested that the terms of reference of the staff college be determined at the earliest possible date, as that would enable UNDP and the agencies to plan their training programmes in a more rational and economical manner.

212. Another member indicated that UNDP should not be used as a "bank" for paying a large part of the college's total budget. Several members stated that proportionality between the contributions to the staff college from the participating organizations and their usage of the college should be the principle to govern its financing. Two members suggested the possibility of UNITAR taking basic responsibility for the project.

213. One member, referring to paragraph 60 of the Consensus and to General Assembly resolution 2688 (XXV), stressed that recruitment should be based on the principle of geographical distribution of staff as well as on maximum utilization of the development experience of various countries with different social and economic systems. He drew attention to the fact that UNDP had so far insufficiently utilized the experience of his country's scientific and research resources in recruiting highly qualified personnel.

214. One member observed that the general character of UNDP's function in development assistance meant that it could participate in the financing of an operation such as the staff college without the necessity of linking the cost of services which UNDP would directly receive from that institution with the amount of its financial participation.

Observations of the Administration in the Committee

215. The Assistant Administrator indicated that in the light of the views expressed in the Committee, the Administration would continue its consultations with the agencies and, as requested, would present to the sixteenth session of the Council a report with statistical data covering contemplated UNDP utilization of the staff college and the cost-benefit ratio to enable the Council to reach a definitive decision. He agreed with one member that if UNDP were to pay \$150,000 for its share of the United Nations staff college and to spend another \$150,000 for its own training programme, the total amount of \$300,000 would prima facie be excessive; therefore, the Administrator was anxious to arrive at a more reasonable figure for the UNDP contribution to the staff college.

216. In reply to a specific question on the duration of UNDP's regional training courses, the Director of Personnel, a.i., indicated that those courses were organized to be responsive to specific identified training needs and the main purpose was to improve the capability and skills of staff members in their present jobs and to improve their over-all performance and effectiveness. Therefore,

the courses were highly concentrated, with very specific work-oriented objectives, so that desired results might be obtained in a programme of limited duration; the cost of those activities amounted to \$70,000 in 1972.

Decision of the Governing Council

217. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

- (a) Took note of DP/L.255 as well as the views of the Budgetary and Finance Committee thereon;
- (b) Approved the UNDP staff training programmes outlined therein;
- (c) Invited the Administrator to continue his review of UNDP's participation in the proposed United Nations staff college taking into account the financial situation of UNDP;
- (d) Requested the Administrator to report to the sixteenth session of the Governing Council the results of his studies of the possible use of the United Nations' staff college for training UNDP staff with his estimates of the benefit of that training.

C. HEADQUARTERS PREMISES OF UNDP

218. Under subitem 6 (c) of the agenda, the Budgetary and Finance Committee heard an oral report by the Assistant Administrator, Bureau of Administration and Finance, on the question of headquarters premises of UNDP.

219. The Assistant Administrator informed the Committee that, in accordance with a previous decision of the Council, the Administrator had participated in a study undertaken by the Secretary-General of the problem of securing adequate office space in New York to accommodate headquarters staff of UNDP, UNICEF, and certain units of the United Nations Secretariat. The Committee was told that four alternatives were put forward by the Secretary-General in his report on the matter (A/C.5/1458 and Corr.1 and 2 and Add.1), 7/ namely, an earlier project to build at the south end of the Headquarters site, the construction of a building at the north end, the purchase of an existing building or participation in a new multistorey building which a non-profit organization, the "United Nations Development Corporation", planned to erect opposite the Headquarters complex at 44th Street and First Avenue.

220. The Assistant Administrator said that the ACABQ had concluded that the first three of those alternatives were not practical. It had recommended, instead, participation in the United Nations Development Corporation project under an arrangement characterized as "rental with an option to buy" (A/8708/Add.17). 8/

7/ Issued in offset form.

8/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8A.

The Corporation, the Assistant Administrator explained, proposed to finance the construction of the new premises by floating a bond issue which was to be underwritten by brokerage firms. Neither the United Nations, UNDP nor UNICEF, it was stressed, would participate in the bond issue. Space in the new building would be leased to the United Nations (acting as agent for UNDP and UNICEF), which at any time could opt to buy the space with the purchase price reduced to the extent that annual rental payments already made had reduced the principal of the Corporation bond.

221. The following advantages of that arrangement were outlined by the Assistant Administrator: (a) it would not require an initial capital outlay; (b) accommodations would be better and more convenient at costs comparable to those presently being incurred; and (c) the rental rate would not be subject to future escalation.

222. The Assistant Administrator concluded his report by stating that if all went well with subsequent negotiations, the prospect at present for occupancy of the new premises was not later than 1976. If, on the other hand, it should appear that unforeseen delays would be encountered, interim arrangements for accommodation of Headquarters staff would be sought.

Summary of discussion in the Committee

223. Members of the Committee regretted the absence of a document which would enable the Committee to consider the matter more carefully and in greater detail. Several members stated that a decision on the question would not be possible without a document.

224. One member questioned whether a decision on the part of the Council was, indeed, required at that point. Although favourably impressed by the possibility of insulation against rising rental costs, the member requested clarification of the details concerning the bond issue and wanted assurance that any commitment entered into by UNDP would be fiscally sound.

225. Other members expressed the view that UNDP requirements for office space were not necessarily the same as those of the United Nations Secretariat and of UNICEF and that, consequently, an identical solution might not be the most advantageous procedure to follow.

226. Concern over the demand for office space in 1976 and beyond was expressed by one member. He wondered whether projected needs not only of UNDP but also of the United Nations and UNICEF had been taken into account in the Administration's plans.

227. While welcoming the informative oral report by the Assistant Administrator, members of the Committee expressed the view that it would be desirable for the Council to have before it at its sixteenth session a definitive, written report by the Administrator. In that connexion, a member suggested that such a report should cover all possible alternatives and not necessarily be limited to those reviewed in the Secretary-General's report.

Observations of the Administration in the Committee

228. The Assistant Administrator expressed appreciation of the comments made during the discussion and explained that the oral report did not require any decision by the Council but it was an opportunity of keeping the Council informed on the present state of negotiations regarding a very important matter. The Assistant Administrator suggested that informal discussion of such current matters as that might occasionally be more effective in determining an appropriate course of action than formal discussions based on specific proposals set forth in a document.

229. Responding to other questions raised in the discussion, the Assistant Administrator stated that estimates of space requirements for 1976 and later had been taken into account. He emphasized that alternative solutions to the Headquarters premises problem had been carefully considered and spelled out in detail in the Secretary-General's report. In view of the extent and nature of the studies already undertaken under the leadership of the Secretary-General, which he had outlined in his oral report, the Assistant Administrator considered that it would be impractical to start again at the beginning and consider other alternatives. Regarding the proposed United Nations Development Corporation bonds, the Assistant Administrator stated that UNDP would not participate in any way in their issuance and that the Programme's relationship with the Corporation would be limited solely to that of tenant and landlord with the advantages already outlined.

Decision of the Governing Council

230. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council took note of the oral report on the matter of Headquarters premises and of the views expressed thereon and decided that the question should be included on the agenda of its sixteenth session, at which time a document setting forth the specific proposals and recommendations of the Administrator would be provided.

D. REVISED BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES OF UNDP FOR THE YEAR 1973

231. The Budgetary and Finance Committee had before it the Administrator's revised budget estimates for the administrative and programme support services of UNDP for the year 1973 (DP/L.250) and the related report of ACABQ (A/8916). 9/

232. In introducing the item, the Administrator stated that in the light of the discussions at the fourteenth session of the Council, the revised estimates now before the Committee reflected the results of his review of the organizational and staffing arrangements at Headquarters. He also stated that while, on recommendations of ACABQ, the Council's wish called for achieving a reduction of \$500,000 in the initial 1973 budget estimates, he was pleased to inform the

9/ Issued in offset form.

Committee that the result of his efforts were partially shown in document DP/L.250, which reflected a new reduction of \$763,200 in the initial estimates. That had been largely accomplished by a reduction of 44 posts at Headquarters and 4 posts in the field offices as against the initial staffing proposals for 1973 reflected in document DP/L.228 and Corr.1

233. The Administrator also informed the Committee that in his continuing efforts to minimize administrative costs, and after making further projection for the need of consultants, he was now in a position to propose a further reduction of \$100,000 from the estimated provision of \$368,000 related to consultants, thus reducing the 1973 requirements for consultants to \$268,000. He emphasized, however, that consultants in the past year or so had played an important role in streamlining UNDP operations and procedures. As concerns the provision of \$68,000 related to the Advisory Panel on Programme Policy, the Administrator informed the Committee that, while the Panel would not be maintained on a permanent basis and regular meetings had been discontinued, its members would be called upon individually or in small groups, for a transitional period only, and probably nominal amounts would be provided in future for some individuals on the Panel, on a selective basis.

234. Turning to the question of organizational structure at Headquarters, the Administrator stated that fundamentally no further structural changes were envisaged, but there was a need for refinements of the restructuring. In that connexion, he informed the Committee that UNDP had increasingly been faced with the need to undertake arrangements for direct execution of projects which participating and executing agencies were often not equipped to handle. Therefore, it was found essential to establish within UNDP a small unit for direct execution of projects under subcontracting arrangements. In regard to the field offices, the Administrator emphasized that, in the interest of economy, UNDP field offices in countries not receiving UNDP assistance, or where activities had been modified, were being carefully reviewed in consultation with Governments and with organizations concerned. Proposals for closing two field offices were reflected in the revised budget estimates.

235. In regard to holding regional meetings of resident representatives, the Administrator, while emphasizing the importance and usefulness of such meetings not only for UNDP but also for participating and executing agencies, indicated that such meetings might not be required for every region on an annual basis beyond that year.

236. With regard to the size of the budget, he stated that while the increase in the 1972 budget over 1971 was of the order of 17 per cent, the resulting level of the revised budget estimates for 1973 represented an increase of approximately 8 per cent over 1972 or roughly half of the increase over the preceding year.

Summary of discussion in the Committee

237. The Committee expressed appreciation of and satisfaction at the resulting level of the revised estimates for 1973 and for the informative statement made by the Administrator in personally introducing the revised estimates in the Committee.

238. While appreciating the Administrator's efforts and courageous action in reducing administrative costs, and in particular the reduction of 44 posts at Headquarters, the Committee felt that more economies, while still maintaining efficiency, should be possible in developing the budget estimates. Several members expressed the view that the percentage increase in the 1973 revised budget estimates was still higher than the percentage increase in the 1973 voluntary contributions and significantly larger than the percentage increase in 1973 field programme costs. The important point, it was suggested by some members, was that the administrative and programme support costs beyond 1973 should be stabilized, without significant increases, and it was hoped that on a percentage basis such costs in future would show a declining rate in comparison to field programme costs. One member requested the presentation to the Council of an annual report on the composition of UNDP.

239. On the question of the Headquarters organizational structure, some members felt that UNDP Headquarters was top heavy and specifically referred to the post of Assistant Administrator within the Office of the Administrator. Others observed that staffing of the Regional Bureaux accounted for less than half of the UNDP headquarters professional staff and tended to show a departure from the decentralization aim of the Consensus. They hoped that further efforts for decentralization would continue, and one member, in commenting on that point emphasized the need for a cautious approach in seeking economies in communication costs. One member further noted that the four Regional Bureaux had approximately the same number of staff, although they handled different volumes of activities and although more extensive programme support was needed for the programmes in the least developed of the developing countries, most of which were in Africa and Asia. One member expressed concern that the reorganization of UNDP (involving the merger and liquidation of Bureaux and Divisions) was carried out in 1972 without prior consultation with the Governing Council. In order to strengthen the role of the Governing Council in accordance with the Consensus, the same member also suggested that in future the Administrator should consult the Governing Council on those questions as well as on questions involving the recruitment and placement of staff, and periodically inform the Council of new appointments in professional posts at Headquarters and in the field.

240. One member stressed the importance of the activities concentrated in the Regional Bureaux in accordance with the principles established by the Council at its eleventh session. He also questioned the adequacy of staffing of the Division for Global and Interregional Projects and expressed the hope that the meagre staffing of that Division would permit the promotion of new ideas for global and interregional projects. Another member reiterated the proposal his delegation had submitted to the eleventh session of the Governing Council, namely, that responsibilities for the Middle East region should be detached from the present combined arrangements for Europe, Mediterranean and the Middle East. He hoped that action would be taken to establish a separate Regional Bureau for the Middle East.

241. With regard to the field offices, and while appreciating the need for reviewing UNDP field offices in countries not receiving UNDP assistance, some members expressed the view that offices in the more advanced of the developing countries should be reviewed. Some members questioned the usefulness of offices in developed countries and suggested their closure. The point was also stressed that planning requirements of the least developed countries should be given due consideration in the review of UNDP offices in those countries. The Committee

supported the Administrator's proposals for closing the UNDP offices in Tokyo and Copenhagen and the establishment of a sub-office in Juba, southern Sudan.

242. Concerning the size of the estimates, there was general support for most of the comments of ACABQ. With regard to possible further savings that might be made under "staff costs" because of delays in recruitment, several members pointed out that it would be a false economy. Several members underlined the need for achieving economies in other areas of expenditure, namely overtime, consultants, the use of vehicles in field offices, communications, rent of Headquarters premises and other general expenses.

243. A number of detailed questions were raised about the costs of contractual printing for development support information publications. Some members urged careful and selective programming of the publications, with attention to all avenues of economy, in their actual production and distribution. In that connexion, it was suggested that printing contracts be awarded on as wide a geographical basis as possible following the bidding procedures practised by the United Nations. There were mixed feelings concerning the question of UNDP documentation and its related costs. It was suggested, however, that the question be reviewed thoroughly and a report prepared by the Administration for a future session of the Council.

244. In general, discussions in the Committee reflected a widely shared feeling that the administrative and programme support services budget had reached a stabilized stage.

245. Several members recalled that consideration of the budget at this session was exceptional and should not be regarded as a permanent time-table for consideration of the Administrator's annual budget estimates. It was hoped that the procedures adopted at the twelfth session would be followed in future years. 10/

Observations of the Administration in the Committee

246. During the discussion, the Administrator responded to comments made by members of the Committee, particularly on matters of an organizational or policy nature. Referring to comments made by some members concerning staffing arrangements of the Regional Bureaux, the Administrator stated that the Regional Bureaux' structure and staffing would be reviewed in the light of experience gained in the functioning of those Bureaux during the past two years. He affirmed that there was no intention of moving away from the decentralization aim of the Consensus. The Administrator assured the Committee that what might appear as inadequate staffing of the Division for Global and Interregional Projects would in no way affect the evolution and promotion by UNDP of new ideas for future global and interregional projects. On the question of the establishment of a separate Bureau for the Middle East, the Administrator indicated that he planned to review the matter further and to discuss it with the Governments involved during his forthcoming visit to the Middle East.

10/ See Official records of the Economic and Social Council, Fifty-first Session, Supplement No. 6 A, para. 198.

247. In response to a specific question concerning the vacant post of Assistant Administrator, the Administrator sought the indulgency of the Committee, indicating that the post was needed and would be utilized, following study with the Deputy Administrators.

248. As regards consultants, the Administrator indicated that the use of consultants in his search for efficient management and operational arrangements in various areas of UNDP had in fact contributed to savings reflected in the present estimates. He added, however, that continuing full-time consultants had been phased out and assured the Committee of his continued efforts to reduce costs under that item.

249. In response to a question concerning the opening of a sub-office in Juba, the Administrator indicated that the sub-office was opened to meet a demonstrated need and that its future need would be under continuous review.

250. The Assistant Administrator, Bureau of Administration and Finance, responded to a number of specific points made by members. On a question regarding vacant posts and their relation to staff costs, he stated that at present fewer than 20 posts were vacant at Headquarters and further delays in recruitment would prove counter-productive. On the question of documentation and its related costs, the Assistant Administrator informed the Committee that that question would be studied thoroughly by the Administration, and a report on it would be presented at a future session of the Council. Referring to the request for an annual report on the composition of the UNDP staff, he indicated that such a report would be submitted to the Council annually.

251. In conclusion, the Administrator emphasized that he would take full account of the comments of members of the Committee and would continue his efforts to seek further economies in the administration of the 1973 budget.

Decision of the Governing Council

252. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

Having considered the 1973 revised estimates for administrative and programme support services of UNDP (DP/L.250) and the report of the Advisory Committee on Administrative and Budgetary Questions (A/8916), and the views expressed thereon in the Budgetary and Finance Committee,

(a) Approved the revised estimates of 1973 requirements for administrative and programme support services of UNDP in a total amount of \$35,892,300 (net) as submitted in document DP/L.250, taking into consideration the further reduction of \$100,000 announced by the Administrator and comprising the following appropriation sections:

United States dollars

Section 1 - Salaries and wages	26 625 900
Section 2 - Common staff costs	8 486 800
Section 3 - Travel and transportation	1 852 100
Section 4 - Permanent equipment	587 100
Section 5 - Other general expenses	4 108 200
Section 6 - Subventions	<u>709 700</u>
Total Gross	42 369 800
<u>Less</u>	
Section 7 - Estimated income	<u>6 477 500</u>
Total Net	<u><u>35 892 300</u></u>

(b) Decided that the Administrator might transfer credits between sections only with the authorization of the Governing Council, such authorization to be obtained, if necessary, by canvassing members of the Council through correspondence;

(c) Authorized, in order to finance those requirements, an allocation in the amount of \$35,892,300 (net) from the resources of UNDP;

(d) Requested the Administrator, while commending his view that a policy of delayed recruitment would not be a realistic approach to the problem of reducing costs, to continue his efforts to seek further economies in the execution of the 1973 budget.

E. MANAGEMENT INSPECTIONS SERVICE IN UNDP

253. Introducing the item, the Administrator emphasized that the recently established small inspection staff was an experimental effort for his internal management control purposes. He underlined two points: first, that the term "audits" in the title of document DP/L.254 was perhaps a misnomer since the function at that stage was one of over-all management review rather than of financial audit; and second, that the staff consisted of two senior officers and one secretary and no expansion was envisaged for the foreseeable future. The Administrator further stated that the primary objective was to look at the functioning of selected field offices; incidentally, he would also ask the inspection staff in conjunction with office reviews to review one or two projects where special problems or situations existed. He stressed the fact, however, that the inspection of projects was mainly the responsibility of the executing agencies. Thus the activity of the UNDP inspection unit would be pinpointed to what seemed to be problem situations and would supplement other normal across-the-board monitoring, evaluation and related functions.

Summary of discussion in the Committee

254. Members welcomed the Administrator's proposals and supported the establishment of the management inspection staff, which was viewed as a further step to improve the efficiency and effectiveness of UNDP inputs. It was suggested in that regard that the office should not become mired in a mass of technical and routine detail but should be result-oriented in order to bring about improvements in operations.

255. As regards review of selected projects, the need was specially underlined for close consultation with the executing agencies as well as with the Governments concerned.

Observations of the Administration in the Committee

256. Responding to the points made by members, the Administrator reiterated that the work of management inspection would be co-ordinated with other related activities and that all management reviews of projects would be undertaken in consultation with the executing agencies and the Governments concerned. He also indicated that the question of UNDP taking over from the United Nations Secretariat the internal audit of UNDP's own expenditure would be kept under study. The Administrator stated that the problem of internal audit in UNDP was not yet resolved and suggested that the question not be considered at that stage; he consequently withdrew paragraphs 12-14 of his report (DP/L.254).

Decision of the Governing Council

257. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of paragraphs 1-11 of document DP/L.254 and of the comments thereon in the Budgetary and Finance Committee;

(b) Requested the Administrator to keep under study the question of the internal audit of UNDP's own expenditure.

F. GENERAL OUTLINE OF BUDGET ESTIMATES FOR THE YEAR 1974

258. The Budgetary and Finance Committee had before it a report by the Administrator concerning the general policies in respect of budget estimates for the administrative and programme support services of UNDP for the year 1974 (DP/L.267).

259. In introducing the item, the Assistant Administrator and Director of the Bureau of Administration and Finance indicated that full operation of the provisions of the Consensus was expected in the 1973 budget year and that, with the exception of inescapable rises in salaries, wages and costs of services due to inflationary and related factors, no real growth in the 1974 budget was anticipated. He expressed the hope that as a result of the aggressive economy drive, the 1974 estimates would reflect decreases in costs.

Summary of discussion in the Committee

260. Some members expressed satisfaction with the projected estimates for 1974, which reflected a smaller increase than that for 1973. Others expressed dissatisfaction at the lack of more information in the document, and requested specifically that further reports on the question should include an outline of the Administrator's thinking in connexion with new or changed concepts and activities, with their probable costs or savings.

261. In regard to the size of the projected estimates, several members expressed the view that the administrative and programme support services costs should be compared with the field programme expenditure and indicated that, in future, administrative costs should be presented with information about the magnitude of the programme to be administered. It was also noted that the projected estimates for administrative and programme support services, if compared with field programme costs, showed an increase from 11.6 per cent in 1972, 11.9 per cent in 1973 to 12.4 per cent in 1974 and suggested that administrative costs in relation to field programme costs be reduced. One member stated that document DP/L.267 did not fully reflect General Assembly resolution 2974 (XXVII) in respect of the need to decrease administrative and programme support costs of the programme. He also expressed the view that that resolution be fully reflected in the preparation of the budget for 1974, and requested the Administrator to submit details to the sixteenth session on the measures taken for reductions in administrative and programme support costs.

262. The Committee expressed the view that since no further expansion in the field was anticipated, a period of stability in the budget estimates beyond 1973 could be expected. It was suggested, however, that further reductions of UNDP offices in countries not receiving UNDP assistance should be made and also that the possibilities of marginal reductions in staff of UNDP offices in the most advanced of the developing countries should be reviewed.

263. Reference was made to the projected estimate under section 5 - other general expenses - of the 1974 budget estimates and it was suggested that the estimates be carefully reviewed.

264. It was indicated by the Committee that the Administrator should take into account the relevant decisions on subitems 6 (a) and 6 (b) of the Council's agenda in preparing his 1974 budget estimates for administrative and programme support services costs.

Decision of the Governing Council

265. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of document DP/L.267 as well as the views expressed thereon in the Budgetary and Finance Committee;

(b) Invited the Administrator to submit in future more detailed documentation, which should include an outline of the Administrator's thinking in connexion with new or changed concepts and activities, with their probable costs or savings;

(c) Noted the constant rate of increase of administrative costs in relation to field programme costs, and requested the Administrator to take the necessary measures to rectify that trend;

(d) Requested the Administrator when preparing his 1974 budget estimates for administrative and programme support services costs to take particularly into account:

- (i) UNDP's participation in the proposed staff college and the observation made in that connexion in the Budgetary and Finance Committee on subitem 6 (b) of the Council's agenda;
- (ii) The Council's decision on subitem 6 (a) of its agenda to continue the implementation of the existing arrangements with FAO and UNIDO.

CHAPTER VI

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

266. Under item 10 of its agenda, the Governing Council had before it a report by the Executive Director of the United Nations Fund for Population Activities (UNFPA) (DP/L.268), submitted in consultation with the Administration of UNDP, pursuant to General Assembly resolution 3019 (XXVII).

267. Introducing the report, the Executive Director of UNFPA said that the Fund welcomed the fact that it was now reporting to the Governing Council. He stressed that there was not a shadow of a hint that population programmes should be promoted at the expense or at the price of UNDP's economic and social assistance. The Fund was neutral with respect to policy and was not forcing any particular programme on any country. Population activities as understood in the United Nations included demographic research and statistics, training, family planning, economic aspects of development planning, etc. He said that 44 per cent of the Fund's resources had been allocated to programmes other than family planning and support communications. The family planning programmes supported by the Fund had demographic goals or were conceived as measures of individual and family welfare.

268. The Executive Director said that interest in the Fund had been rapidly growing since 1969; the Fund had received contributions from 60 countries and had responded to requests from 72 countries. Requests were growing rapidly and the annual volume for 1973, if funded, would amount to some \$72 million; the Fund, however, did not expect to approve all those requests.

269. The Executive Director of UNFPA noted the specific authorization given in resolution 3019 (XXVII) to the Governing Council regarding urgent financial problems facing the Fund and said he had restricted his report to those matters.

Summary of discussion

270. Members of the Council welcomed the decision of the General Assembly to put UNFPA under the supervision of the Governing Council. One member urged the clarification of the responsibilities of UNDP and the Economic and Social Council regarding UNFPA, while another stated that such a clear division was given in resolution 3019 (XXVII), namely that the Governing Council's responsibilities were restricted to administrative and financial matters. The member felt that the Governing Council should not prejudge the decisions that the Economic and Social Council would make at its next session regarding UNFPA. He stated that even financial matters fell under the Economic and Social Council; another member stated, however, that resolution 3019 (XXVII) clearly assigned those matters to the Governing Council.

271. Members of the Council expressed appreciation of the statement by the Executive Director of UNFPA that the Fund did not prescribe any particular population policy to recipients. Appreciation was also expressed of the assistance provided by the

Fund so far. Several members urged that resources assigned by donors to UNFPA should not be at the expense of contributions to UNDP for development assistance in general, and some members pointed to the higher rate of contributions to the former over the latter. One member, while appreciating that the Fund did not prescribe population policies, stressed the utmost importance of family planning for some countries, while another stated that the fact that some countries were not enthusiastic over the Fund's activities should not be to the detriment of those activities.

272. The majority of members endorsed the requests presented by the Executive Director of UNFPA. Several members urged that these financial matters be given a fuller consideration at the sixteenth session of the Governing Council. The decisions now made should be of an interim character. One member stated that the Fund should submit annual reports to the Governing Council and that the Council's Budgetary and Finance Committee should supervise the Fund's financial operations.

273. Some members urged improvement in the administrative machinery of UNFPA and, especially, better forward planning. The need for a separate identity of the Fund vis-à-vis UNDP was stressed by several members, as well as the need for flexibility. However, one member stated that UNFPA assistance should become an integral part of UNDP development assistance. Some members urged that proper criteria be set up for the distribution of UNFPA resources and the need to regularize pledging for UNFPA was stressed by another member.

274. One member suggested that the figure of 7.5 per cent proposed for an operational reserve should be looked into and another figure, possibly a lower one, should be fixed in the light of the composition of the resources of UNFPA.

275. It was suggested that the Advisory Board of UNFPA should be regarded as abolished, that its Inter-Agency Co-ordination Committee be maintained and that its Programme Consultative Committee be restricted to technical advice.

276. Several members urged that, in future, the Governing Council set aside at least one day in its session for the discussion of UNFPA.

277. Several developed countries announced their continued intention to contribute to the operations of UNFPA.

Observations of the Executive Director of UNFPA

278. The Executive Director of UNFPA, responding to observations made in the discussion, assured the members that their will was sovereign with regard to policy issues. He welcomed the remarks made regarding procedures and said that the Fund would submit proposals on that matter to the sixteenth session of the Governing Council. He also welcomed the proposal for setting aside at least one day for discussing the Fund. He explained that the figure of 7.5 per cent for the Fund's operational reserve was based on the UNDP ratio. He agreed that it could be something other than 7.5 per cent.

279. The Executive Director welcomed the stress put in the discussion on the Fund's continuing flexibility, a matter which needed further consideration by the Council. He also welcomed the proposal regarding regularization of pledging and called for further suggestions from members in that regard.

280. Regarding the question of priorities in the allocation of resources, the Executive Director pointed out that about one third of the Fund's resources went to preparation of censuses and demographic statistics which were prerequisites for economic planning. Those resources represented the Fund's contribution to over-all economic planning.

281. The Executive Director urged the adoption of annual funding principles for UNFPA. Unless that was approved, the Fund's activities would come to a halt until new pledges were raised in 1973.

Procedural decision of the Governing Council

282. On conclusion of its discussion, the Governing Council decided to refer the financial aspects of the item to its Budgetary and Finance Committee.

Consideration by the Budgetary and Finance Committee

283. In introducing the report in the Committee, the Executive Director of UNFPA recalled that paragraph 2 of resolution 3019 (XXVII) stated that the Governing Council of UNDP was to become the governing body of UNFPA "subject to conditions to be established by the Economic and Social Council", presumably to be enunciated by the Economic and Social Council at its fifty-fourth session. With that in mind, and also in the light of paragraph 4 of resolution 3019 (XXVII) giving specific authorization to the fifteenth session of the Governing Council regarding urgent financial problems facing the Fund, the report was restricted to certain financial questions.

284. The Executive Director of UNFPA stated that he would request the Governing Council, under its authorization by the General Assembly to apply to UNFPA funding principles similar to those of UNDP, to take the following five actions:

(a) To authorize the Executive Director, in consultation with the UNDP Administrator, to work out financial regulations and rules for the Fund and submit them to the sixteenth session of the Governing Council;

(b) In the meantime to authorize the Executive Director, in consultation with the Administrator, to continue operations under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund;

(c) To authorize the Executive Director, in consultation with the Administrator, to work out for the Fund annualized funding principles similar to those of UNDP, taking into account the separate identity of UNFPA and its funding arrangements and to set aside for the Fund an operational reserve of \$20 million, which was approximately 7.5 per cent of the total anticipated programme costs for 1973-1976; and to programme on the basis of a four-year projection;

(d) To authorize the Executive Director to submit to the sixteenth session of the Governing Council a revised version of the programme cost projections of the UNFPA work plan together with a revised statement following any further adjustments in the estimates of annual programme costs for 1973-1976;

(e) To authorize the Executive Director to examine possibilities for regularizing the Fund's pledging process, which in the past had been irregular and unpredictable.

285. The Executive Director stated that the most urgent question was the authorization for UNFPA to adopt principles of annual funding which, at that stage of the Fund's development, was necessary to permit confirmed planning and programming. Such action would liberate a substantial amount for new programming and for an operational reserve. Under full funding, applied so far, the Fund had a zero balance by the end of 1972, but under the annual funding method \$46 million would be considered "unutilized resources" as of 31 December 1972, freeing \$20 million as an operational reserve and \$26 million for new programming.

286. The Executive Director said that an appropriate set of regulations and rules must cover the specific character of the Fund and could not be obtained by simply eliminating some UNDP rules not strictly applicable to the Fund. The programme costs contained in the report were established on the basis of the UNFPA work plan for 1972-1975 and the plan figures were based on estimates of commitments to be made each calendar year. The distribution of expected expenditure by year was based on substantiated estimates of \$30 million for 1973 and subsequent annual increases of 66, 50 and 33 per cent. The first year increase of 66 per cent would be the result of increased activity for the 1974 World Population Year.

287. The Executive Director stated that the work plan was based on a review of continuing commitments, requests to UNFPA already submitted, on advance information available to UNDP resident representatives, on programming missions and correspondence, as well as on information from United Nations agencies in the field. A good deal of concrete information was available for the first two years; beyond that, projections were based on UNFPA estimates consulted with the Fund's Advisory Board, its Programme Consultative Committee and Inter-Agency Consultative Committee. Expenditure was likely to grow strongly in the next two years as a result of commitments already made; interdisciplinary country population agreements had already been made with eight countries and eight such major projects were in the preparatory stage. A major project being developed was the African Census Programme in which, so far, 20 African countries were to participate. Moreover, the Fund would be requested to finance almost all expenses of the United Nations system in connexion with the World Population Year and about half of the expenses for the World Population Conference in 1974. That was the main reason for the 66 per cent increase in expenditure foreseen for 1974. Though the problems of the first two years were easily predictable, an authorization by the Council for only those two years would make necessary re-authorization on an annual basis, i.e. on the basis of a "rolling plan".

Summary of discussion in the Committee

288. Members of the Committee expressed appreciation to the Executive Director of UNFPA of the work done so far in the population field. They endorsed, on an interim basis, the Executive Director's requests made in his introductory statement, pending fuller consideration of the issues involved at the sixteenth session of the Council.

289. There was general agreement that the Fund should move from full to annual funding so as to free resources for new programming and for establishing an operational reserve. There was also agreement that the Fund's definite financial regulations and rules should be approved at the sixteenth session. Several members stated that those regulations and rules should be kept as close as possible to those of UNDP, making allowances only in cases where the UNDP rules did not apply. They stressed that those rules must take into account the separate identity of the Fund, as stated in General Assembly resolution 3019 (XXVII).

290. Members endorsed the suggestion that the Fund should establish an operational reserve. The level of the operational reserve in the amount of \$20 million as proposed by the Executive Director was questioned by several members. Some members pointed out that, from the figures presented so far, there was no basis for deciding on the actual amount to be set aside, and that more information from the Fund was needed. Other members felt that a reserve of \$20 million should be approved for the time being and reviewed at a later stage.

291. Several members felt that the projections of new resources presented by the Fund were too high, although they expressed the hope that the number of donors would increase. Furthermore those members stated that the relationship between expected expenditure and new resources was not spelled out. One member urged that a long term work plan be worked out by the Fund, based on an analysis of probable requests, the capacity of the executing agencies, and including a forecast of anticipated contributions. Some members pointed to the rather steep rise in expenditure foreseen for 1974. Several stated that the Committee should on a provisional basis take note of the figures presented, and that it should take up the question again at the next session of the Council. One member suggested that the Council establish criteria on which the Fund's projections should be based in future.

292. Some members expressed the view that the Executive Director should be authorized to examine the possibilities for regularizing the Fund's pledging process. Other members felt that more information was needed before a decision could be taken on that matter. Several members urged that contributions to UNFPA should not be at the expense of contributions to UNDP for general development purposes and that they should be in addition to voluntary contributions for other United Nations programme activities. In that connexion, some members announced pledges to UNFPA by their Governments.

293. During the discussion, several members stressed that the separate identity of the Fund should be preserved, though some urged that the administrative machinery of UNDP be utilized as much as possible. Some members stressed the policy-making role assigned to the Economic and Social Council in relation to the Fund and in relation to the over-all population questions of the whole United Nations system. Several members suggested that the division of the tasks of the Governing Council and the Economic and Social Council relative to the Fund should be defined and suggested that the Governing Council should convey to the Economic and Social Council its preparedness to assume its functions in relation to the Fund, in accordance with General Assembly resolution 3019 (XXVII). In practical terms, that meant that the Council was prepared to consider UNFPA field activities, questions of effective implementation of programmes, the budget and administrative questions - in other words, to play a similar role in considering the activities of UNFPA as it did at present for the UNDP. One member added that the Governing

Council should govern and not manage the Fund. Another member felt that the Fund's financial regulations and rules should be finalized only after the Economic and Social Council had had an opportunity to look into the policy aspects of the Fund's operations.

Observations of the Executive Director of UNFPA in the Committee

294. At the conclusion of the discussion, the Executive Director of UNFPA, responding to comments made by members of the Committee, said that the Fund proposed to submit to the sixteenth session of the Governing Council its final views on the "rolling plan", which meant that projections of resources and expenditure would be subjected to annual review by the Council. He stated that the Fund was aware of the need for forward planning but that, since the adoption of the General Assembly resolution placing the Fund under the Governing Council of UNDP, there had not been enough time to revise the Fund's programme projections. The Fund had assessed its requirements for 1973 as a first step. Requests for 1973 already received by the Fund or of which it had advance information totalled \$77.5 million. Since income would be less than foreseen expenses, the Fund would have to approve requests on the basis of their priority.

295. The Executive Director stated that the Fund was a relatively new operation and that in proposing the size of the operational reserve at 7.5 per cent it had benefited from the historical experience of UNDP. He noted that the Fund, unlike UNDP, had no counterpart resources, and that its reserve would thus be fully in convertible currency. He suggested that the exact percentage of the operational reserve be reviewed at the sixteenth session of the Council, on the basis of the reality of resources expected and of the differences in the UNFPA and UNDP financial situations.

296. The Executive Director stated that the question of how far the UNDP financial Regulations and Rules were applicable to the Fund could be looked into at the sixteenth session of the Governing Council, after the Economic and Social Council had dealt with policy matters, since financial procedures had policy implications.

297. The Executive Director, responding to an observation by one member, said that most of the recommendations of the Review Committee set up in 1972 by the Fund's Advisory Board had been implemented but that some had policy implications and had to await action by the Economic and Social Council. He fully realized the urgency of tasks remaining to be done and would meet the Council's requirements regarding administrative improvements and more ample detailed documentation.

Observations of the UNDP Administration in the Committee

298. The Assistant Administrator, Bureau of Administration and Finance, UNDP, responding to observations made by members, said that the Administrator of UNDP shared the anxiety of many members that contributions to UNFPA be additional to those to UNDP, and that new pledging procedures should keep that in mind. The new regulations and rules for the Fund would stay close to those for UNDP, with the exception of matters not applicable, such as indicative planning figures, a programme reserve and local costs. UNDP would continue to work in close co-operation with the Executive Director and his staff, and would provide all possible assistance in working out solutions to general management problems.

Decision of the Governing Council

299. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of document DP/L.268 as well as the views expressed thereon in the Budgetary and Finance Committee;

(b) Authorized the Executive Director of UNFPA:

- (i) To continue to conduct the financial operations of the Fund on a provisional basis under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund;
- (ii) To depart from a system of full funding and establish on a provisional basis an operational reserve of \$20 million;
- (iii) To allocate funds, in accordance with Regulation 12.1 of the UNDP Financial Regulations and Rules and pending consideration at its sixteenth session of revised estimates of UNFPA resources and programme costs for the period 1973-1976, up to the level of \$26 million to carry out new UNFPA activities;

(c) Requested the Executive Director of UNFPA to submit to the sixteenth session of the Governing Council:

- (i) A detailed report, including administrative budget estimates for the UNFPA secretariat and information on firm pledges received for 1973, taking into account the views expressed in the Budgetary and Finance Committee as well as the views expressed in the Economic and Social Council at its fifty-fourth session, which would allow the Council to take appropriate action in conformity with General Assembly resolution 3019 (XXVII);
- (ii) A work plan as well as a revised statement showing any further adjustments in the estimates of annual programme costs for the period 1973-1976;
- (iii) Draft financial regulations and rules for the fund;

(d) Invited the Executive Director of UNFPA to study the various possible means of regularizing pledging procedures in the light of observations made in the Budgetary and Finance Committee.

CHAPTER VII

ACTION TAKEN IN 1972 BY ORGANS OF THE UNITED NATIONS AND RELATED AGENCIES

300. Under item 8 of its agenda, the Governing Council had before it a note by the Administrator (DP/L.269 and Add.1 and 2) drawing its attention to resolutions adopted in 1972 by the General Assembly, the Economic and Social Council and by the other organizations in the United Nations system which were of direct relevance to UNDP, including resolutions which required action by the Governing Council.

Summary of discussion

301. One member, supported by another, drew attention to General Assembly resolution 2975 (XXVII) regarding measures to strengthen the executing agencies of UNDP. In that context, he recalled that UNDP was built on the concept of partnership, one dimension of which was the partnership between UNDP and its executing agencies. Supporting the trend towards a deeper involvement of the agencies in UNDP operational activities, he expressed the belief that the increased participation of those organizations would not only strengthen their central policy-making role in their respective fields of competence, but at the same time promote the necessary interaction between the agencies' operational and intellectual and policy-making activities. It was therefore of the utmost importance that the agencies should be reshaped and rationalized to make them as efficient as possible. He further pointed out that the objective of the General Assembly resolution was to start a process whereby a dialogue could be opened within the governing bodies of the different agencies in order to identify bottle-necks in project execution, and bottle-necks in the administrative structure of the agencies both at the headquarters and field levels. Supporting the view expressed in paragraph 2 of the resolution on the need to minimize overhead costs, he emphasized that increasing overheads would not only result in fewer resources available for operational activities, but also in an inclination among donor countries to look for less expensive channels of assistance. Lastly, he drew attention to paragraph 6 of the resolution, which requested the Administrator to gather all relevant information on difficulties encountered and measures taken by the agencies to strengthen their operational structure and delivery capacity, and to submit periodic reports, together with his comments, to the Governing Council. He expressed the hope that the matter might be discussed at the forthcoming IACB meeting, and that the Administrator would report on the implementation of that resolution at the next session of the Governing Council.

302. Reference was also made by another member to General Assembly resolution 2971 (XXVII) concerning special measures relating to the particular needs of the land-locked developing countries. He attached great importance to the need for UNDP to assist those countries in setting up the necessary transport and communications infrastructures and in evaluating, on a national, subregional and regional basis, their industrial possibilities. He hoped that the Administrator would, in due course, inform the Council of the measures he intended to take in that area.

Decision of the Governing Council

303. At its 363rd meeting, the Governing Council:

(a) Took note of the action taken in 1972 by organs of the United Nations and related agencies on matters relating to UNDP (DP/L.269 and Add.1 and 2) and of the observations and suggestions made during the discussions;

(b) Noted that the implementation of resolution 2975 (XXVII) would be considered at the IACB spring session and requested the Administrator to report to the sixteenth session of the Council on the ways in which the resolution was to be implemented.

CHAPTER VIII

UNITED NATIONS CAPITAL DEVELOPMENT FUND

304. Under item 9 of its agenda, the Council had before it a progress report by the Administrator on the United Nations Capital Development Fund (DP/L.258 and Corr.1). The Council undertook its consideration of that item simultaneously with the Administrator's report on special measures in favour of the least developed among developing countries under subitem 4(g) (DP/L.263).

Summary of discussion

305. Several members referred to the document on the United Nations Capital Development Fund in their statements on the report by the Administrator on special measures in favour of the least developed among developing countries, while others made separate statements on the progress report on the Fund. All members who spoke on item 9 of the agenda welcomed the initiatives taken in response to the decision of the Governing Council at its fourteenth session to explore with the least developed countries the possibility of financing a selected number of small-scale plants from the Fund and supported the operations in progress, summarized in the document before the Council.

306. Two members, while endorsing the operations in progress, cautioned that operations must remain within available resources and suggested that the size of small-scale projects undertaken must remain commensurate with the resources of the Fund.

307. Commenting on previously established guidelines for operations, one member especially endorsed the provision that countries contributing to the Fund would receive primary consideration for the supply of plants and equipment.

308. One member expressed concern that activities might be undertaken by the Fund which could attract financing from other sources, e.g. regional development banks. He suggested that a study be undertaken of other sources of finance, both multilateral and bilateral, as specific project possibilities were being appraised.

309. Several members expressed regret that the financial position of the Fund had remained poor and that contributions had, in fact, been diminishing. They expressed the hope that Governments which had not heretofore been contributing to the Fund would review their position. One member paid tribute to a non-governmental organization which had contributed to the Fund on several occasions and suggested that other non-governmental organizations be invited to contribute.

310. Several members commented on the Administrator's recommendation to continue the current activities involving the financing of small-scale plant projects by the Fund primarily in the least developed countries and to defer the examination of other forms of assistance by the Fund until it could be established that the present initiatives would not exceed the Fund's available resources. One member cautioned that possible overlap with the general categories of special measures in favour of the least developed among the developing countries as outlined in

document DP/L.263 must be avoided. Three members expressed their view that consideration of other possible forms of assistance by the Fund should not be deferred and that possibilities for wider action should also be considered.

Observations of the Administration

311. In response to points raised during the discussion, the Assistant Administrator of the Bureau of Administration and Finance expressed the Administration's view that the new focus of the Fund had brought with it a sense of movement, i.e., an improvement in its operations. He reiterated that only projects that had encountered difficulty in attracting financing from conventional sources would be undertaken and that the Resident Representatives were informed about that guideline. Concerning the Fund's financial position, he expressed the Administration's hope of finding ways to inspire additional contributions. With regard to the Fund's activities, members of the Council were assured that additional new possibilities and further possible directions for operations would receive appropriate consideration. In accordance with General Assembly resolution 2976 (XXVII), the Fund would continue to be administered by UNDP and no charges for overhead would be levied against it.

Decision of the Governing Council

312. At its 363rd meeting, the Governing Council took note with satisfaction of the report by the Administrator on the United Nations Capital Development Fund (DP/L.258 and Corr.1) and of the views expressed during the discussion.

CHAPTER IX

OTHER MATTERS

A. ARRANGEMENTS FOR BROADENING THE EXPERIENCE OF YOUNG SPECIALISTS FROM DEVELOPING COUNTRIES IN OTHER COUNTRIES IN THE FIELD OF NATURAL RESOURCES EXPLORATION AND DEVELOPMENT

313. Under subitem 12(b) of the agenda, the Governing Council considered a joint report by the Secretary-General of the United Nations and the Administrator (DP/L.252) prepared in accordance with paragraph 2 of part G of Economic and Social Council resolution 1673 (LII) on natural resources.

314. In introducing the report, the Deputy Administrator (Programme) stated that the Secretary-General and the Administrator had concluded that in the absence of new financial resources the purposes of the Economic and Social Council resolution could best be served by making the fullest possible use of present arrangements. The Deputy Administrator also drew attention to the suggested approaches which were described in detail in the joint report.

Summary of discussion

315. Members of the Council expressed satisfaction with the report, agreeing that the most realistic way of developing opportunities for young specialists was through the use of existing arrangements. Of the three main avenues open - the United Nations Volunteers programme, the associate expert scheme and fellowships financed by UNDP, several members considered that priority should be given to the utilization of funds available under the United Nations Volunteers programme. Some drew attention to the paucity of country IPF resources.

316. Several members from industrialized countries referred to associate expert schemes supported by their Governments. It was stated that Denmark had already agreed to finance a limited number of associate experts from developing countries for work in projects executed by FAO and would, upon request, consider further such arrangements in the context of the report. It was also stated that development projects supported by the Federal Republic of Germany would, with the agreement of the Governments concerned, be opened to young specialists from the developing countries.

317. One member suggested that the young specialists should not be limited only to holders of post-graduate degrees. Some members suggested that thought be given to expanding the proposals to cover areas other than exploration and development of natural resources.

318. One member expressed the wish for an eventual report on the implementation and further development of the arrangements.

319. The representative of FAO expressed great interest in the report, since its organization was making widespread use of young specialists, particularly associate experts - to the extent of 10 per cent of project personnel. FAO was discussing with a number of countries, including Denmark, the financing of associate experts recruited from developing countries. It would be glad to put its experience at the disposal of UNDP and the United Nations.

Decision of the Governing Council

320. At its 356th meeting, the Governing Council:

- (a) Took note of the report of the Secretary-General and the Administrator;
- (b) Approved the measures proposed in that report; and
- (c) Requested the Administrator to take appropriate follow-up action.

B. HOUSING FOR DEVELOPMENT PERSONNEL

321. In introducing subitem 12(c) of the agenda in the Budgetary and Finance Committee, the Assistant Administrator, Bureau of Administration and Finance, explained that in keeping with the wishes of the Council, the report contained in document DP/L.265 was intended to keep the Council informed of the progress which the Administrator had made in alleviating the housing difficulties for field personnel and to seek the Council's agreement to additional approaches which, the Administrator believed, should be considered in certain exceptional cases.

Summary of discussion in the Committee

322. There was unanimous recognition of the importance of housing in the context of speedy delivery of UNDP programme and the Committee expressed its appreciation of the efforts of the Administrator in tackling that difficult and complex problem. Members expressed general support for the suggested possible future actions and the specific recommendations of the Administrator in paragraphs 7 and 8 of DP/L.265. Some members urged a cautious approach in undertaking housing construction with outside financing, while others emphasized that there should be minimal use of UNDP funds for purposes other than project execution. The Administrator was requested to exercise stringent control over housing activities and, specifically, to exhaust all alternative possibilities before UNDP funds were used. Some members stated that in their opinion the housing expenses for experts should be borne by the recipient countries and should not be covered by external resources and stressed the point that the existing arrangements should be considered individual and exceptional arrangements. Some members indicated, however, that a flexible approach should be followed in order to take into account the different conditions prevailing in each country; some room for manoeuvring should be left for the Administrator in that regard. It was emphasized that in no circumstance should UNDP housing be ostentatious or luxurious, and one member added that in the long run it often made sense to own housing instead of renting it for indefinite periods of time. Another member suggested that a more structured approach to that problem would be desirable and

inquired whether international financing institutions might be invited to undertake housing construction for the benefit of UNDP under some kind of revolving fund arrangement. One member pointed out in that connexion that priority for housing assistance should be given to distressed areas.

Observations of the Administration in the Committee

323. The Assistant Administrator clarified that the reference to the possibility of making use of outside private financing did not imply either borrowing or lending on UNDP's part; it was a matter of exploring means of encouraging private financiers to build housing for UNDP use against a guaranteed rental income from UNDP, normally for a period of 15 years. As regards the possible participation of international financing institutions in UNDP housing construction projects, the Assistant Administrator explained that, while experience to date in that regard had not so far produced satisfactory results, efforts would continue. The Committee also heard explanations concerning arrangements for supervision of housing matters at Headquarters as well as field arrangements, including especially the important roles played by Resident Representatives and a UNDP Housing Adviser stationed in Africa. The Committee was assured that the undertakings in co-operation with outside financiers as well as the direct investment of UNDP funds in housing construction activities would be limited only to a very small number of exceptional cases where no other means were in sight for providing necessary housing for UNDP field personnel.

Decision of the Governing Council

324. At its 365th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council took note of document DP/L.265 as well as the views of the Budgetary and Finance Committee thereon.

C. WORKING GROUP ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

325. Under item 12(a) of its agenda, the Governing Council had before it General Assembly resolution 2974 (XXVII) of 14 December 1972 dealing with co-operation among developing countries in the United Nations technical co-operation programmes and increased efficiency and capacity of the United Nations development system. By that resolution, the General Assembly invited the Governing Council to convene, through the Administrator and in consultation with interested Member States, a working group in order to examine and make recommendations on the best ways for developing countries to share their capacities and experience with one another with a view to increasing and improving development assistance, and to examine the relative possibilities and advantages of regional and interregional technical co-operation among developing countries.

326. In introducing the subject, the Deputy Administrator (Programme) emphasized the importance which the Administrator attached to co-operation among the developing countries within the framework of UNDP, and his wish to do everything possible to facilitate the task of the proposed working group. He put forward

some suggestions as to the size, composition and organization of the group, but added that the Administrator would appreciate guidelines on those and other matters from the Council itself.

Summary of discussion

327. Members of the Council agreed fully on the importance of the working group and the tasks to be performed by it. It was pointed out that although those tasks were limited to the field of technical co-operation, they would be undertaken within the larger framework of co-operation among the developing countries which had been established by UNCTAD and other conferences and consultations.

328. There was general agreement that the working group should consist mainly of representatives of developing countries and that it should also contain representatives of developed countries with important experience and interest in international development assistance. There should be representation of all the developing regions and of countries at different levels of development.

329. Several members wished to see the Regional Bureaux of UNDP, the United Nations, its regional economic commissions and other organizations and programmes, and the specialized agencies closely associated with the work of the group.

330. While some members felt that the composition of the working group should be open-ended, others considered that there should be some limitation on its size in the interests of maximum efficiency and effectiveness, as well as economy. There was general agreement that the size of the working group should not be arbitrarily fixed, but left to be determined in the first instance as a result of the consultations which the Administrator would undertake with interested Governments. If difficulties arose over its composition, the matter could be reviewed by the Council at its sixteenth session.

331. It was also agreed that the Administrator should undertake preparatory work for the group as soon as possible and without waiting for it to be finally constituted. Since the members of the group would also need to prepare for their tasks, it was envisaged that the first meeting of the group should take place after the June 1973 session of the Council. It should submit its final report to the session in June 1974 so that the Council could report through the Economic and Social Council to the General Assembly at its twenty-ninth session.

Decision of the Governing Council

332. At its 363rd meeting, the Governing Council adopted the following decision:

The Governing Council,

Recalling General Assembly resolution 2974 (XXVII) of 14 December 1972 on "Co-operation among developing countries in the United Nations technical co-operation programmes and the increased efficiency of the capacity of the United Nations development system",

Taking note of the invitation to the Governing Council to convene, through the Administrator of the Programme and in consultation with the interested States Members of the United Nations, a working group in order:

(a) To examine and make recommendations on the best way for developing countries to share their capacities and experience with one another with a view to increasing and improving development assistance;

(b) To examine the relative possibilities and advantages of regional and interregional technical co-operation among developing countries,

Considering that, in view of its purposes, the working group should be so constituted as to represent mainly developing countries in different regions and at different levels of development, and at the same time to include representatives of developed countries with relevant experience and interest in development assistance,

Recognizing also that the size of such a group should be limited to minimize financial implications without affecting the efficiency of the work,

Noting finally the General Assembly's request that a report and recommendations be submitted, through the Economic and Social Council, to the twenty-ninth session of the Assembly,

1. Requests the Administrator to appoint a working group composed of representatives of States members keeping in mind the above criteria;

2. Invites the Administrator to make appropriate arrangements for the full collaboration of his staff with the work of the working group;

3. Requests the Administrator to provide the necessary secretariat and support services for the working group;

4. Requests the Administrator to proceed immediately with the preparation of a provisional agenda, initial documentation and time-table to be submitted to the first session of the working group, with a view to its carrying out its work between sessions of the Governing Council and submitting its report to the eighteenth session of the Council in June 1974;

5. Requests the Administrator to make appropriate arrangements to ensure the fullest necessary collaboration with the working group by the United Nations - including the regional economic commissions and the other organizations and programmes of the United Nations - the specialized agencies and the IAEA.

CHAPTER X

DATE AND PROVISIONAL AGENDA OF THE SIXTEENTH SESSION

333. During the consideration of item 11 of the agenda, the representative of the Upper Volta informed the Governing Council that his Government had wished to invite the Council to hold its sixteenth session in Ouagadougou, but, taking into account the financial implications involved, had had to abandon that idea. It was suggested that appropriate financial arrangements should be worked out to enable the Council to meet at places other than United Nations Headquarters and Geneva without placing an undue financial burden on the host country.

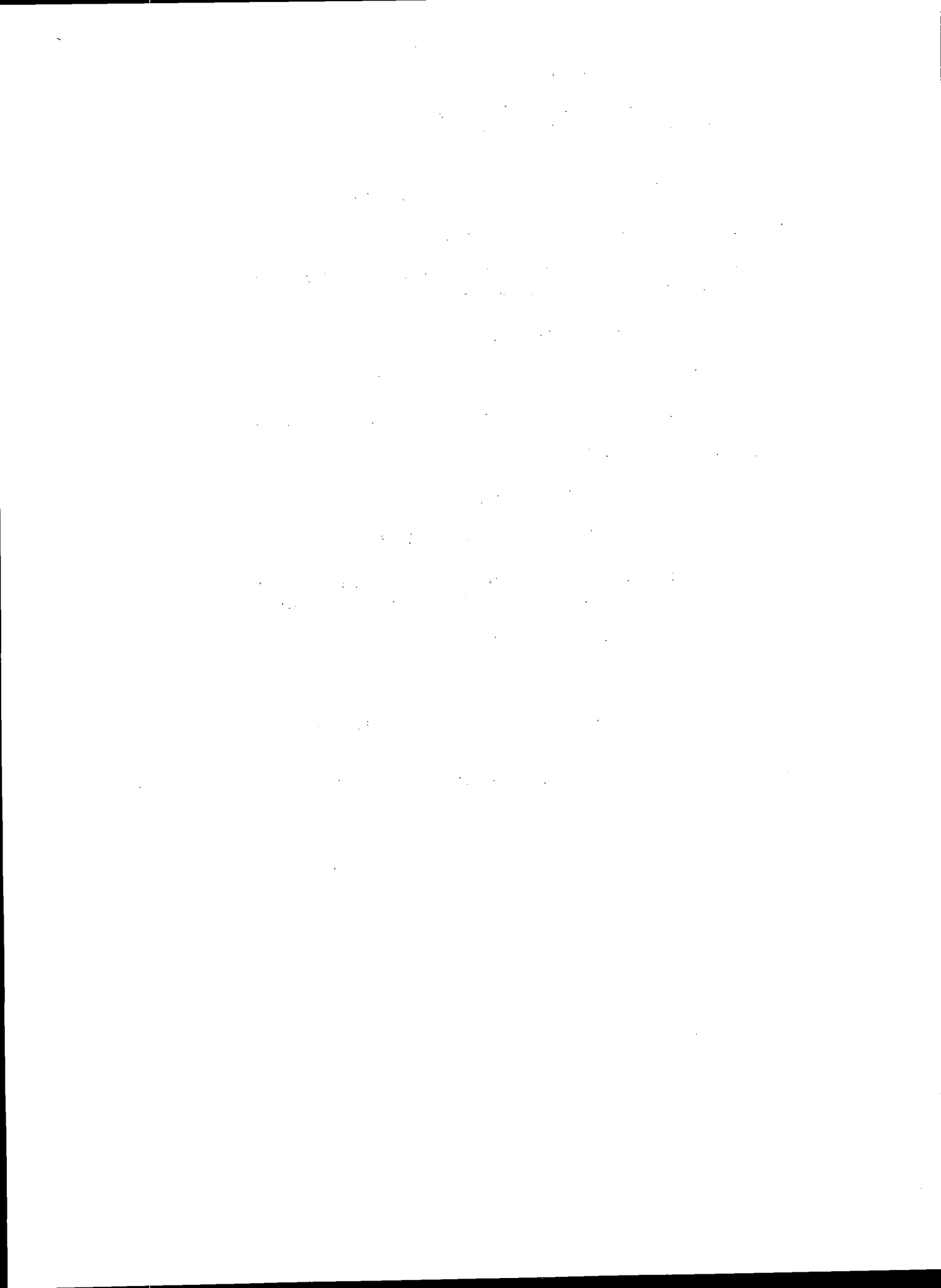
334. At its 365th meeting, with the concurrence of the Director-General of WHO, the Governing Council decided to hold its sixteenth session from 6 to 28 June 1973 at WHO Headquarters in Geneva, with a further meeting, possibly on 2 July, for the consideration of its draft report on the session. The dates fixed for the session included at least one day for consideration of the United Nations Fund for Population Activities. It was also agreed that the Budgetary and Finance Committee and the Working Group on the Draft Statute for UNDP would convene at WHO Headquarters on 4 June.

335. There was an exchange of views on whether to include consideration of the establishment of a system of IPFs on the basis of a development cycle on the agenda for the sixteenth session of the Council. One member stated, regarding the implementation of a pending decision of the fourteenth session of the Council concerning the provisional IPF allocated to Pakistan, that he understood that the matter would be dealt with at the sixteenth session.

336. At its 365th meeting, the Council agreed on the following provisional agenda for its sixteenth session:

1. Opening of the session.
2. Adoption of the agenda.
3. Country and intercountry programming and projects:
 - (a) Consideration, in private meetings, and approval by the Council of individual country programmes and projects recommended by the Administrator;
 - (b) Report by the Administrator on projects approved between the fifteenth and sixteenth sessions and extension of the Administrator's authority to approve projects;
 - (c) Further review of criteria to be followed in calculating indicative planning figures for the 1977-1981 period.
4. Annual report of the Administrator for 1972.

5. United Nations Volunteers.
6. Information papers on the regular programmes of technical assistance in 1972 of the specialized agencies and the International Atomic Energy Agency.
7. United Nations Fund for Population Activities.
8. Budgetary, financial and administrative matters:
 - (a) Financial outlook of UNDP, 1972 to 1976, and comprehensive report on financial activities during 1972;
 - (b) Budget estimates for the year 1974;
 - (c) Progress report on agency overhead costs;
 - (d) Assessed programme costs payable in local currency;
 - (e) Headquarters premises of UNDP;
 - (f) United Nations staff college;
 - (g) Composition of UNDP headquarters and field offices.
9. Draft omnibus statute for the Programme for consideration by the General Assembly (General Assembly resolution 2688 (XXV)).
10. United Nations technical co-operation activities.
11. Other matters.
12. Date and provisional agenda for the seventeenth session of the Governing Council.
13. Draft report of the Governing Council to the fifty-fifth session of the Economic and Social Council.



ANNEX I

REPRESENTATION AT THE FIFTEENTH SESSION

Members of the Governing Council

Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Central African Republic, Chile, Cuba, Denmark, Ecuador, Ethiopia, Finland, France, Germany (Federal Republic of), India, Indonesia, Iran, Iraq, Italy, Jamaica, Japan, Kuwait, Lebanon, Libyan Arab Republic, Malaysia, Morocco, Netherlands, Nigeria, Norway, Pakistan, Poland, Romania, Sudan, Sweden, Switzerland, Togo, Trinidad and Tobago, Turkey, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Yugoslavia, Zaire and Zambia.

States represented by observers

Afghanistan, Algeria, Argentina, Barbados, China, Colombia, Congo, Czechoslovakia, Egypt, German Democratic Republic, Honduras, Hungary, Israel, Ivory Coast, Kenya, Mexico, New Zealand, Nicaragua, Philippines, Spain, Tunisia and Venezuela.

United Nations bodies

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

Specialized agencies

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

Other intergovernmental organizations

African Development Bank, Inter-American Development Bank, International Secretariat for Volunteer Service.



UNITED NATIONS



ECONOMIC AND SOCIAL COUNCIL

Fifty-fifth Session

OFFICIAL RECORDS

CORRIGENDUM

Supplement No. 2

(E/5256)

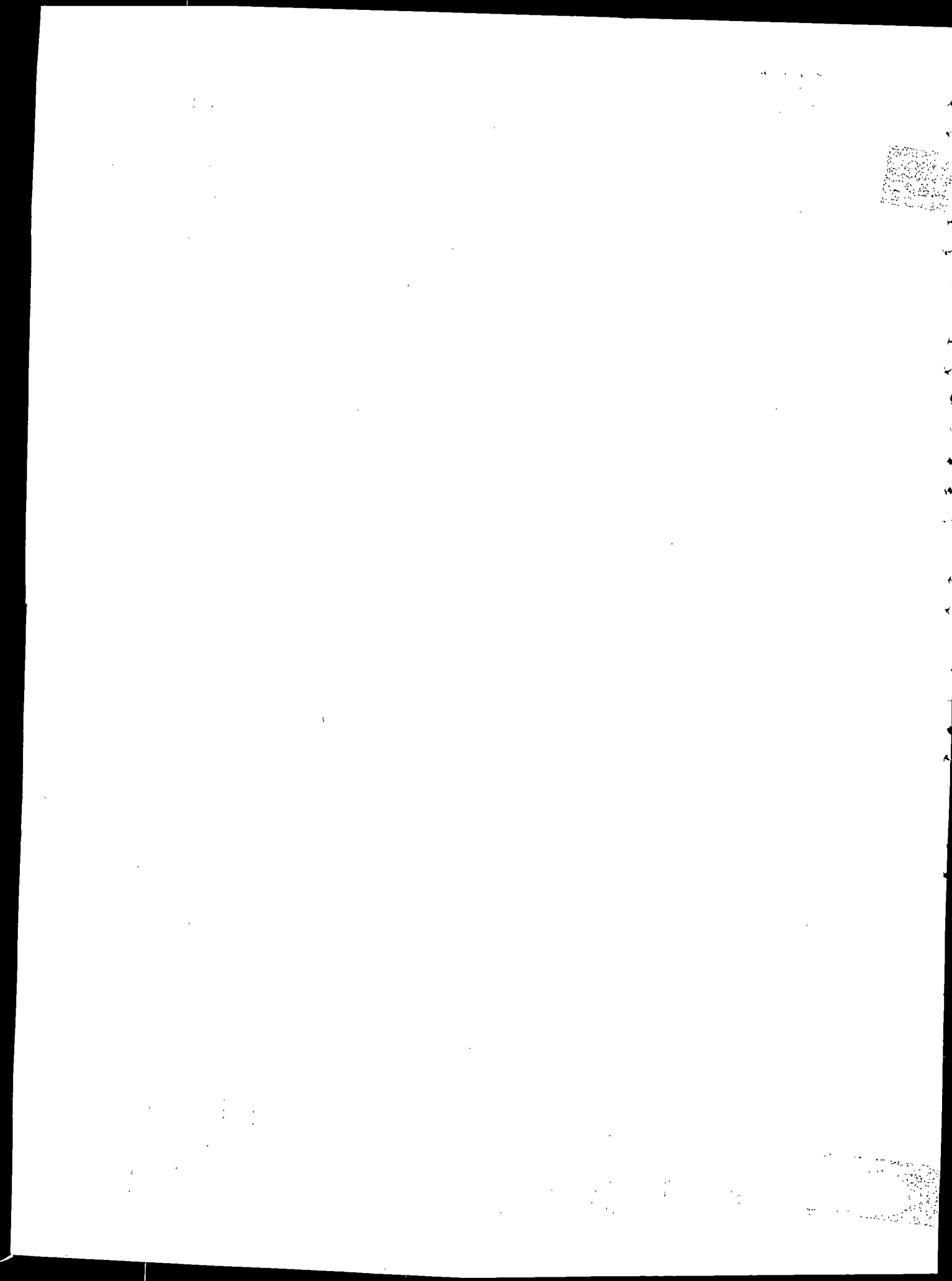
15 June 1973

NEW YORK

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

The attached table should be included on page 86.



ANNEX II

PROJECTS APPROVED BY THE GOVERNING COUNCIL AT ITS FIFTEENTH SESSION

DP/PROJECTS/R.2/ Add.	Type of project	Project title (and number)	Executing agency	Estimated	Estimated	Estimated	Duration (years)
				Government contribution	UNDP contribution	total cost	
				(United States dollars)			
1 and Corr.1	Regional ^{a/}	Institutional support to the Mekong Committee (Phase IV) (RAS/72/078)	United Nations	8 997 100	6 227 000	15 224 100	5
2 and Corr.1 and 2	Inter- regional ^{b/}	Indian Ocean fishery survey and development programme (Phase II) (INT/71/034)	FAO	-	2 097 500	2 097 500	4
3 and Corr.1	Inter- regional ^{c/}	Training in export promotion (INT/72/072)	UNCTAD	-	539 300	539 300	2
4	Global	International Centre of Insect Physiology and Ecology (ICIPE) (GLO/71/007)	UNDP	-	3 164 900	3 164 900	5
5	Global	Research and training in the development of improved sorghum and millet (GLO/71/013)	UNDP	-	3 725 000	3 725 000	6
6	Global	Research and training in the development of high quality maize (Phase II) (GLO/72/009)	UNDP	-	2 372 000	2 372 000	3
		Total		<u>8 997 100</u>	<u>18 125 700</u>	<u>27 122 800</u>	

a/ Khmer Republic, Laos, Thailand and the Republic of Viet-Nam.

b/ Bahrain, Ethiopia, India, Indonesia, Iran, Iraq, Jordan, Kenya, Kuwait, Madagascar, Malaysia, Maldives, Mauritius, Oman, Pakistan, Democratic Yemen, Qatar, Singapore, Somalia, Sri Lanka, Thailand, United Arab Emirates, United Republic of Tanzania, Yemen.

c/ Afghanistan, Bangladesh, Barbados, Brazil, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Cuba, Dahomey, Dominican Republic, Egypt, Ethiopia, Fiji, Gabon, Ghana, Guyana, India, Indonesia, Ivory Coast, Kenya, Laos, Lesotho, Liberia, Libyan Arab Republic, Madagascar, Malawi, Malaysia, Mexico, Pakistan, Peru, Philippines, Republic of Korea, Rwanda, Senegal, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Venezuela, Western Samoa, Yemen, Zaire, Zambia.

