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DEVELOPMENT PROGRAMME
REPORT OF THE GOVERNING COUNCIL
TWENTIETH SESSION
(11-30 June 1975)**

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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 twentieth session at the Palais des Nations, Geneva, from 11 June to 30 June 1975.
2. The Council's Budgetary and Finance Committee held 10 meetings between 9 and 24 June, also at the Palais des Nations, to consider administrative, budgetary and financial matters referred to it by the Council.
3. The Ad Hoc Working Group on the United Nations Revolving Fund for Natural Resources Exploration, established by the Council at its nineteenth session held 10 meetings at the Palais des Nations, between 9 and 25 June.
4. The present report was adopted by the Governing Council at its 493rd meeting, on 30 June 1975, for submission to the Economic and Social Council at its fifty-ninth session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

CHAPTER I

ORGANIZATION OF THE SESSION

Attendance

5. Members of the Governing Council represented at the session, States represented by observers and organizations in the United Nations system and other intergovernmental and non-governmental bodies represented are listed in the annex to the present report.

Opening of the session

6. Mr. Pierre Graber, President of the Swiss Confederation, delivered an address to the Council at the opening meeting on 11 June. The Council also heard statements by the President of the Council and the Administrator of UNDP.

Election of Officers

7. On 9 June 1975, Mr. Farrokh Parsi (Iran) was designated by the President of the Governing Council to serve as Chairman of the Ad Hoc Working Group on the United Nations Revolving Fund for Natural Resources Exploration. The Working Group elected Mr. F. C. G. Hohler (United Kingdom) as its Rapporteur.

Agenda

8. At its 466th meeting, the Governing Council adopted the following agenda for its twentieth session:

1. Opening of the session
2. Adoption of the agenda (DP/102-105)
3. General review of programmes and policies of UNDP:
 - (a) Report of the Administrator for 1974, including his reports on the United Nations Capital Development Fund and the United Nations Volunteers (DP/111 and ANNEX I and Corr.1 and ANNEX II)
 - (b) Action by UNDP in response to General Assembly resolution 3202 (S-VI) on the Programme of Action on the Establishment of a New International Economic Order and the UNDP contribution to the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade (DP/127)
 - (c) The future role of UNDP in world development in the context of the preparations for the seventh special session of the General Assembly (DP/114)

- (d) Project implementation (DP/112)
 - (e) Progress report on the drought-stricken regions of Africa and adjacent areas (DP/132 and Add.1)
 - (f) Report of the Administrator on action taken in favour of colonial countries and peoples (DP/123 and Add.1 and 2)
 - (g) Programme resources and costs outlook for 1977-1981 (DP/131 and Corr.1)
 - (h) Decentralization of the activities of UNDP (General Assembly resolution 3252 (XXIX) (DP/124)
 - (i) Technical co-operation among developing countries (DP/117 and A (DP.117 and Add.1-6, DP/120)
4. Programmes and projects (DP/137, DP/GC/BUR/R.2 and DP/GC/BUR/R.2/RECOMMENDATION, DP/GC/KEN/R.2 and DP/GC/KEN/R.2/RECOMMENDATION, DP/GC/KUW/R.1 and DP/GC/KUW/R.1/RECOMMENDATION, DP/GC/NIR/R.1 and DP/GC/NIR/R.1/RECOMMENDATION and Corr.1, DP/PROJECTS/R.4 and Add.1 and Add.1/Corr.1 and Add.2).
5. Budgetary, financial and administrative matters:
- (a) Financial outlook through 1976 and comprehensive report on financial activities during 1974 (DP/130 and Add.1)
 - (b) Audit reports and accounts (DP/119)
 - (c) Budget estimates (DP/125 and Corr.1. DP/125/Add.1; DP/134)
 - (d) Custodianship of UNDP funds (DP/106 and Add.1 and 2)
 - (e) Financial implications of regional meetings and the symposium on technical co-operation among developing countries (DP/121)
 - (f) Excess overhead costs drawn by executing agencies (DP/126)
6. United Nations Fund for Population Activities (UNFPA):
- (a) Annual report of the Executive Director for 1974 and work plan 1976-1979 (DP/108/vol.I) and Corr.1, DP/108(vol.I)/ANNEX and Corr.1; DP/108(vol.II) and Corr.1)
 - (b) Proposed projects and country agreements (DP/FPA/3 and Corr.1, DP/FPA/3/Add.1 and 2 and Add.2/Corr.1 and Add.3 and 4)
 - (c) Present and proposed planning procedures and priorities (DP/110, DP/118)
 - (d) Implementation of UNFPA projects (DP/109)
 - (e) Request for approval authority (DP/115)
 - (f) UNFPA administrative budget 1976 (DP/113, DP/135)

7. United Nations Revolving Fund for Natural Resources Exploration (DP/53/Rev.1 and Corr.1, DP/122, DP/129, DP/133, DP/136, DP/L.299 and Add.1 and 2).
8. Standard Agreement with Governments (DP/107 and Corr.1)
9. United Nations technical co-operation activities (DP/RP/16)
10. Information on the regular programmes of technical assistance of the specialized agencies and the International Atomic Energy Agency in 1974 (DP/123 and Corr.1)
11. Other matters
12. Date and provisional agenda for the twenty-first session of the Governing Council
13. Draft report of the Governing Council to the fifty-ninth session of the Economic and Social Council (DP/L.301 and addenda)

Summary records of meetings

9. The summary records of the meetings of the twentieth session of the Governing Council were issued as documents DP/SR.466-493.

Private meetings

10. Two private meetings of the Council were held to consider country programmes submitted to the Council for approval under agenda item 4.

CHAPTER II

THE FUTURE ROLE OF UNDP IN WORLD DEVELOPMENT IN THE CONTEXT OF THE PREPARATIONS FOR THE SEVENTH SPECIAL SESSION OF THE GENERAL ASSEMBLY, ON DEVELOPMENT AND INTERNATIONAL CO-OPERATION

11. For its consideration of agenda item 3 (c), the Council had before it document DP/114 dealing with new dimensions in technical co-operation and the relevant parts of the Administrator's report for 1974. In view of the importance of the item, the general debate at the twentieth session was devoted primarily to its discussion and was participated in by ministers, ambassadors, development administrators, planning directors and other senior officials.

Summary of discussion

12. It was emphasized that the significance and timeliness of the debate on the future role of UNDP in world development lay not only in the context of the preparations for the special session of the General Assembly devoted to the subject of development and international co-operation and development, but also in the need to define UNDP's contribution to the establishment of the new international economic order and its role in the second half of the Second United Nations Development Decade. The hope was also expressed that the outcome of the discussion would assist the Administrator in the preparation of the country programmes for the second United Nations Development Co-operation Cycle.

13. It was recalled that UNDP had recently taken a number of measures that constituted important contributions to the establishment of the new economic order in the light of the background of growing interdependence among nations. The most significant development had been the adoption of the 1970 Consensus, 1/ which still offered many possibilities for action that had not yet been fully exploited, and which should continue to be the main basis for the future evolution of the Programme. Among other measures mentioned were the system of country programming, the criterion of equity applied in the distribution of UNDP resources, with particular emphasis on the needs of the poorest nations, organizational and structural changes in UNDP, particularly the progress towards decentralization, and the initiatives of UNDP in providing assistance to the national liberation movements and to regions affected by drought or flood. It was stressed by several members that the main task of the Council in discussing the future role of UNDP was to determine how UNDP could further contribute to the establishment of the new economic order and adapt itself to the new realities of the world economy and international economic relations. One member of the Council pointed out that UNDP should make essential reforms in its existing assistance policies and regulations according to the basic principles and correct orientations set forth in the Declaration on the Establishment of a New International Economic Order. 2/

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

2/ See General Assembly resolution 3201 (S-VI).

14. One member pointed out that the sovereignty of developing countries receiving bilateral assistance or United Nations multilateral assistance should be strictly respected; there should be no interference in their internal affairs, and no conditions should be attached or privileges sought.

15. The members of the Council expressed their appreciation of the excellent quality of the documentation submitted by the Administrator for the discussion of the item, particularly document DP/114. They found the analysis in that document bold, imaginative and thought-provoking and regarded the proposals made in it as constructive and forward-looking.

16. There was a consensus in the Council on the basic approach of the document and on most of the specific recommendations contained in it. A number of members pointed out that they were applying many of the concepts outlined in the document in their own bilateral programmes.

17. There was general agreement that the "new dimensions" suggested by the Administrator were mainly designed to eliminate outmoded and unnecessary constraints on the Programme and to provide it with the necessary flexibility to respond promptly, effectively and adequately to the changing requirements of the developing countries.

18. The suggestion by the Administrator that technical co-operation should be seen in terms of output or the results to be achieved rather than in terms of inputs that could or could not be provided was endorsed. It was also agreed that the purpose of technical co-operation should be the promotion of increasing self-reliance in regard to the managerial, technical, administrative and research capabilities required in the development process. The Council also endorsed the proposal that technical co-operation thus defined should, among other things, include the activities mentioned in paragraph 23, subparagraphs (a) to (f), of document DP/114.

19. It was agreed that it was up to the Governments of the recipient countries to determine the priority areas in which to seek UNDP assistance. However, several members considered that UNDP should direct its contributions towards meeting the most urgent and critical needs of developing countries, emphasizing particularly the importance of reaching the poorest and most vulnerable sections of the society, mass participation in the development process and alleviating the immediate needs of the people. Some members underlined the role of rural development for achieving those purposes. One member suggested that UNDP should develop appropriate methods and approaches for effective formulation and implementation of rural development programmes and projects and earn for itself a reputation of excellence in the help it could provide in this area.

20. The Council unanimously endorsed the suggestion of the Administrator that technical co-operation should be provided at all levels and stages of development. UNDP should, therefore, provide whatever technical assistance was needed from the identification stage through the stage of preparation, pre-feasibility, feasibility and beyond, including assistance for engineering design, construction, planning and initial operation and management of the project.

21. There was also general agreement that UNDP should adopt a more flexible approach towards combining technical and capital assistance, particularly in those

priority areas where both kinds of assistance were closely interwoven, such as in rural development, low-cost mass education, control of diseases, etc. It was understood that UNDP would finance only the technical co-operation component of such projects and programmes and that it would jointly help to develop the objectives and general designs of such projects and programmes and evaluate their lessons. Some members stated that they were prepared to enter into co-operation between UNDP and their bilateral programmes for the joint financing of projects in the priority areas. Some other members accepted the principle of joint financing but had reservations on the desirability of associating one of the organizations mentioned in the report with such an effort. Moreover, attention was drawn to the problems of co-ordination and implementation that were likely to arise in joint financing.

22. The Council generally endorsed the Administrator's suggestion regarding the extension of flexible and adequate support by UNDP for key institutions in developing countries. It was emphasized that the building and strengthening of appropriate institutions in developing countries was one of the most effective means of promoting self-reliance. The Council attached particular importance to:

(a) Providing all the necessary facilities for institution-building projects of key importance and financing their initial operation to make them viable and self-supporting;

(b) Providing institutions which showed great promise but were hampered by severe financial and foreign exchange constraints with supervised lump-sum grants to carry out research and other activities; and

(c) Adopting a more systematic approach, through identification at the time of preparation of country programmes of institutions and agencies capable or in need of up-grading, for making twinning arrangements between such institutions and appropriate advanced institutions in developed and other developing countries.

23. Members of the Council emphasized the crucial importance of UNDP assistance for the development, adaptation and diffusion of technology for the promotion of self-reliance. There was general agreement that, for that purpose, UNDP should undertake more high-risk projects either by itself or in collaboration with other sources of assistance, as well as more pilot projects, not only in the industrial field but also in other priority areas. Some members stated that the best prospects for making an effective contribution in that field lay mainly in co-operation among developing countries. One member of the Council pointed out that UNDP assistance should be conducive to the self-reliance of the recipient countries and to the independent development of their economies. UNDP should simplify its structure, reduce administrative expenditures and use its resources to the maximum to help developing countries build complete projects, mainly for industrial and agricultural production.

24. Members of the Council agreed that UNDP should mobilize promptly and effectively all available human, material and institutional resources for technical co-operation. It was generally agreed that to that end the Governments and institutions in the recipient countries should be increasingly entrusted with the responsibility for formulating, implementing and evaluating UNDP assistance projects. That would constitute an important aspect of the move

towards decentralization, and a means of economizing on overheads, enhancing the capabilities of local expertise and institutions and promoting self-reliance. It would also go a long way towards strengthening the indispensable role of the Governments in their own development. Some members referred to paragraphs 41 and 46 of the 1970 Consensus, authorizing UNDP to make maximum use of national institutions and firms and to designate qualified nationals as project managers and stated that those provisions of the Consensus should be fully and effectively implemented.

25. The Council gave its general approval to the Administrator's suggestion that UNDP should adopt a more liberal policy towards local cost financing in cases where prudent judgement suggested that project efficiency would gain thereby and where the absence of provision for such financing by host Governments was due to factors other than the assignment of inadequate priority to the project in question. Several members pointed out that such a policy would assist in the mobilization of local resources and ensuring Government participation in UNDP-assisted programmes and projects. Some other members, however, suggested that in the implementation of that policy the following considerations should be kept in view:

(a) It should not lead to UNDP bearing the entire cost of the projects, except in very exceptional cases;

(b) It should not make it more difficult to hand over the projects to the recipient country;

(c) It should not affect adversely the developing country's own efforts to mobilize domestic resources;

(d) It should not lead to an erosion of the idea of technical co-operation under UNDP being based on partnership between the Government and the organizations of the United Nations system.

26. It was agreed in general that, so long as UNDP-assisted projects and programmes served the basic purpose of technical co-operation, it should be possible for UNDP to deploy whatever inputs were needed to realize that purpose. From that, it followed that necessary equipment or other material resources should be eligible for UNDP financing so long as they were provided for the purpose of technical co-operation. Some members, however, expressed their concern at the possibility of utilizing most or all of the IPF resources of a country for the procurement of material supplies. One member stated that the financing by UNDP of hardware should always be arranged within the framework of a specific technical co-operation project, which, whenever possible, should have a training component or should involve transfer or know-how in some other form. It was also agreed that as much equipment and services as possible should be procured on a preferential basis in accordance with United Nations practice, from local sources or from other developing countries.

27. The Council approved the suggestion of the Administrator that counterpart support requirements for UNDP-assisted projects should be applied on a more flexible basis and should, instead of being insisted upon routinely in each case, depend upon the purpose of the project. Several members attached particular importance to the suggestion in the report that, in cases where counterpart

staff was not available, UNDP, while not insisting upon the counterpart support requirement, should provide assistance for formal education, including higher education abroad, and custom-designed practical training. One member stated that such training should be extended to include training at the undergraduate level.

28. Technical co-operation among developing countries was generally recognized as a crucial new dimension in technical co-operation. Some members felt that more attention should have been devoted to that subject. One member suggested that in the implementation of UNDP-assisted projects developing countries should be given a kind of "first refusal" possibility in the procurement of equipment, experts and training facilities and, in any case, they should at least be given a certain percentage of price advantage for equipment supplies. He also suggested that a certain minimum number of experts from developing countries should be included in the short lists of experts suggested to a recipient country. Another member suggested certain priority areas, such as joint efforts of developing countries to improve the prices and marketing conditions of primary commodities exported by them, economic co-operation and integration among these countries, etc., for UNDP assistance in the promotion of technical co-operation among developing countries.

29. The idea of associating expatriate nationals with the implementation of UNDP-assisted projects in the country of their origin, referred to in paragraph 62 of document DP/114, was generally regarded as a useful one. At the same time, the difficulties involved in utilizing the services of such experts were pointed out. However, some members expressed reservations regarding that suggestion, while others felt that it could be extended even to ordinary nationals.

30. Several members endorsed the suggestion in paragraph 60 that UNDP should make arrangements for utilizing the potentialities of governmental and non-governmental organizations for the purpose of multilateral technical co-operation. However, many members expressed strong reservations regarding the idea that UNDP should forge links with transnational corporations. They pointed out that the impact of the activities of such enterprises on the national economies of developing countries was highly controversial, that it was difficult to reconcile the profit motive of those enterprises with the spirit of multilateral technical co-operation, and that it would be premature for UNDP to establish any relationship with those enterprises until the international community made the necessary arrangements to regulate them. One member expressed the view that, in spite of the negative aspects of their activities, the transnational corporations could be induced to play a constructive role in promoting economic and social development, and particularly in the transfer of technology to developing countries. He therefore suggested that the Administrator should address a questionnaire to the transnational corporations, through their home Governments, eliciting information on the nature, extent and terms and conditions of the contributions they were willing to make to technical co-operation under the aegis of UNDP.

31. Several members agreed with the Administrator's suggestion in paragraphs 48 and 49 that an important dimension in technical co-operation that needed to be highlighted and expanded was the provision of assistance in areas in which the United Nations development system, by virtue of its special characteristics, had a unique role to play. They endorsed the suggestion that UNDP should to an increasing extent undertake projects concerned with the diagnosis of constraints

on development and designed to assist Governments in the formulation of development policies, projects for regional and subregional integration and for technical and institutional support for the harmonization of policies among developing countries. Some members stated that the ideas contained in that section of the report required to be further elaborated with a view to providing a precise definition of the areas in which the United Nations system was able to play a unique role. One member suggested that the Administrator should submit a fuller report on the subject at a later session of the Council. Another member, while considering a consortium approach to development co-operation among developing countries a laudable objective, cautioned that moves for integration and harmonization must always originate from within a group of developing countries, on their own accord, and should not be promoted through external pressures.

32. The Council noted with appreciation the statement in paragraphs 63 and 64 that the Administrator would make a systematic effort to forge links between country and intercountry programmes and to undertake selective, continuing and systematic evaluations of UNDP activities in particular sectors and subsectors with a view to learning from the experience of the past and developing new programmes and projects based thereon. Several members emphasized the special role of the UNDP intercountry programme system in promoting development and co-operation among developing countries. One member from the region covered by the Economic and Social Commission for Asia and the Pacific (ESCAP), while recognizing the significance of country programming, expressed the hope that UNDP would give the highest priority at least to those intercountry or regional projects which regional economic commissions unanimously adopted and for which the financial support of UNDP was sought.

33. It was emphasized that, while implementing programmes and projects based on the above principles and proposals, the Administrator should ensure that the projects were invariably geared to the basic purpose of technical co-operation and that other prerequisites for ensuring their success were met. For this purpose, and generally for discharging the accountability for the management of the Programme, the Administrator should devise necessary monitoring procedures.

34. It was also felt that the discussion and the conclusion of the Council on the future role of the UNDP was a part of the continuing and over-all effort to improve the quality and efficiency of the Programme and that the Council should continue the debate on the question and make periodic reviews of the implementation of its decisions on new dimensions.

35. Some members felt that the important role of the executing agencies in implementing the suggestions made by the Administrator had not been recognized and properly delineated, and that in the decision the Governing Council was going to take on the subject, that aspect should be adequately covered.

36. Most members referred to the report on a new United Nations structure for global economic co-operation, submitted by the Group of Experts on the Structure of the United Nations System (E/AC.62/9). While recognizing that it was too early to take a definite position on the specific recommendations in the report, they stated that the far-reaching implications of its recommendations for UNDP must be kept in mind while discussing the Programme's future role. Two recommendations in the report, viz. the central role of the resident representative at the country level and the merger of all aid funds into a single operational unit, were singled out by some members for particular mention and endorsement. It was pointed out by

those members that the second recommendation mentioned above would enable the integration in the country programming process of the maximum possible resources of the United Nations system for development purposes, and would thus provide a framework for a more cohesive and rational United Nations development system. One member was of the view that the integration of different aid funds into a single operational unit might adversely affect the efficiency of the system by leading to an expansion of the already large bureaucracy. Another member, however, was of the opinion that the greatest possible part of the resources available within the United Nations system for development purposes should be integrated in the country programming process. There was thus quite some merit in the suggestion to merge all United Nations aid funds into one operation unit. The different secretariats should, however, for the time being, be kept separate. In the opinion of one member, UNDP should reform its organizational structure in accordance with the principle that all countries, big or small, poor or rich, were equal; there should be an increase in the seats for developing countries in the Council and more posts in the headquarters and field offices should be allocated to developing countries.

37. Several members pointed out that the "new dimensions" proposed in document DP/114 would not only result in the improvement of the quality of programmes financed out of the available resources but would also call for more resources. In that connexion, some members expressed concern at the declining trend in the flow of resources from developed to developing countries. Moreover, many members felt that the current rate of growth of the UNDP resources was not sufficient to take into account the impact of world-wide inflation and it was therefore important to make additional efforts to attain higher rates of growth of those resources and to provide for their expansion on a stable, long-term and continuing basis. There was a general feeling that the question of expansion in UNDP resources, particularly with a view to making adjustments for inflation, should be taken up at the next session of the Governing Council. However, some members observed that the new dimensions need not await mobilization of larger resources. Those should go into effect on schedule since the question was one of utilizing whatever might be available more usefully and more effectively.

38. Some members announced the decision of their Governments to increase their contributions for 1975, and to provide for substantial increases in their contributions for 1976. The Council noted those decisions with appreciation.

39. Divergent views were expressed in the Council on the suggestion of the Administrator, in paragraph 50 of document DP/114, that consideration should be given to the establishment of some norms for the relative shares of important groups of donors in the UNDP resources and for the quality and usability of the respective contributions in the interest of equity as well as the continued viability and dynamism of the Programme. Several members attached great importance to the establishment of such norms. One member suggested that it could be done in the manner of International Development Association (IDA) financing, but on a more regular and annual basis, although that was a sensitive issue, especially as UNDP was an entirely voluntary programme. Apart from traditional donor countries, those that had recently become net contributors, and those that had agreed to reach that status shortly, should be invited to participate in such an exercise. One member stated that it would prove necessary to consider seriously how a more equitable burden-sharing among contributors could best be achieved.

40. Several other members were not in favour of considering the establishment of norms for burden-sharing, mainly on the grounds that it would militate against the voluntary basis for contributions to the Programme and that it was a matter of sovereign decision for every country to decide how to divide its total development assistance resources between bilateral and multilateral programmes and between different organizations responsible for administering multilateral programmes. One member also stated that his Government was not prepared to make any commitment regarding the rates of increase in its contribution to UNDP.

41. One member stated that the recent increases in its contribution had made it a net contributor. Another member stated that his Government was going to increase its contribution with a view to becoming a net contributor. Several members welcomed the development and urged full compliance with the decision of the Council in that regard; countries should voluntarily consider whether they were in a position to become net contributors.

42. Several members expressed their satisfaction with the fact that 65 per cent of the total programmed UNDP expenditures would be spent by countries with per capita income below \$350 a year. However, some other members did not agree with the weightage that was given to the criterion of per capita income as a basis for the distribution of UNDP resources. They stated that UNDP assistance should be available to developing countries according to their needs and absorptive capacity and that all developing countries should receive UNDP assistance irrespective of the stage of their development.

43. With respect to the decision adopted by the Governing Council (see para. 54 below), one member expressed the view that, with the exception of one article, which was comparatively vague, the rest of the 10 "general guidelines" for the orientation of the future work of UNDP reflected a number of reasonable demands of developing countries. Therefore, it supported the decision. However, to a large extent, certain proposals contained in document DP/114 did not satisfy the relevant requests in Economic and Social Council resolution 1911 (LVII). Moreover, some proposals in document DP/114 were inappropriate. Hence, it expressed its reservations regarding the term "with appreciation" in the decision on new dimensions.

44. The same member stated that, since the Consensus of 1970 mentioned in paragraph (a) of the decision had been adopted before the lawful rights of his country were restored, it reserved its right to make comments on the Consensus.

Observations of the Administration

45. In his reply, the Administrator expressed his appreciation of the high level of participation and the high quality of interventions in the debate, which clearly demonstrated the wide interest of the world community in UNDP. He stated that the Administration was very much encouraged and gratified by the positive response of the Council to his proposals on new dimensions.

46. Replying to some of the specific points raised in the debate, the Deputy Administrator (Programme) agreed with the members of the Council that the freedom and flexibility that were being sought for the Programme would be exercised with due care and caution. For example, in undertaking local cost financing, maximum effort would be made to ensure that it did not inhibit self-reliance or adversely

affect the spirit of partnership in which UNDP-assisted programmes and projects must be carried out. Equipment and material would be provided only as part of inputs for projects which had a genuine technical co-operation purpose. He agreed with the members who had stated that the Programme should be people-oriented, but stated that what was intended was to impart people-orientation to the results of technical co-operation, and not to the inputs for it. He confirmed that joint financing would be undertaken only with the agreement of Governments.

47. He admitted that paragraph 60 of document DP/114, on links with governmental and non-governmental enterprises, should have been made more explicit. There was no doubt that the transnational corporations, by virtue of their capacity and the resources at their disposal, could play a useful role in international technical co-operation. The main problem was how to unscramble the element of access to the technology at their disposal from the wider package in which it came and which included equity participation, arrangements for exports and imports, control of management, etc. It was thought that UNDP could perhaps assist in desegregating the package and find a way to facilitate for developing countries access to the technology at the disposal of the transnational corporations. Paragraph 60 made it clear that it was to be done "without the concomitant investment of equity capital by transnational corporations and within the framework of arrangements of surveillance being established within the United Nations".

48. As regards the proposal to concentrate on areas in which the United Nations system had a unique role to play, the Deputy Administrator pointed out that UNDP intended to assist in the harmonization of policies of developing countries and in evolving a consortium approach to assistance only when specifically requested by the countries concerned.

49. The Deputy Administrator further stated that, although the document did not make a separate mention of the role of executing agencies, the main ideas contained in it were evolved in close consultation with them and success in the implementation of programmes and projects based on the new dimensions would depend a great deal on the intellectual inputs and initiatives of the agencies. In that connexion, he referred to the evaluation and programme development exercises that had been undertaken in co-operation with the agencies. An evaluation of projects in the field of industrial planning had been completed in collaboration with the United Nations Industrial Development Organization (UNIDO) and the report containing the outcome of the evaluation was available to members of the Council.

50. The Deputy Administrator also stated that care should be taken to ensure that the application of the new dimensions did not result in some of the country programmes containing only one or two projects. At the same time, its probable implication for reducing "scatterization" should be a welcome development. A highly "scatterized" programme, apart from other things, did not lend itself to proper accountability.

51. The Deputy Administrator added that he was encouraged by the kind of projects that had come up for financing under the United Nations Capital Development Fund. That should make it worth while to provide more resources for the Fund. A level of resources for the Fund, equivalent to one tenth of the size of the UNDP resources, could perhaps provide a good mix of projects to be undertaken in an integrated manner.

52. Finally, the Deputy Administrator underlined the importance of the Governing Council arriving at specific conclusions and taking a specific decision on the

question of the future role of UNDP. He suggested that the decision could contain an endorsement of the general approach of the document and of some of the important principles underlying specific recommendations made by the Administration.

53. The Directors-General of the World Health Organization (WHO) and the International Labour Organisation (ILO) addressed the Governing Council on agenda item 3 (c) and informed the Council of their continued and increasing co-operation with UNDP.

Decision of the Governing Council

54. At its 487th meeting, the Governing Council:

(a) Reaffirmed the Consensus of 1970 as the comprehensive framework for UNDP activities and also reaffirmed the voluntary and universal character of the Programme;

(b) Recalled the relevant provisions of General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) pertaining to the Declaration and Programme of Action on the Establishment of a New International Economic Order;

(c) Took note with appreciation of the documentation submitted by the Administrator, particularly document DP/114, constituting the report of the Administrator on new dimensions in technical co-operation;

(d) Requested the Administrator:

(i) To take all necessary measures to introduce more flexibility in the Programme, to enhance its dynamism and effectiveness and make the scope of activities and working methods of UNDP more responsive to the changing needs and priorities emerging from new economic conditions;

(ii) To base those measures on the proposals favourable to developing countries contained in document DP/114, taking into account the observations made thereon in the Governing Council during its twentieth session;

(e) Adopted, in particular, the following general guidelines for the future orientation of the Programme, and requested the Administrator to ensure that the guidelines were reflected to the maximum extent possible in the execution of the Programme:

(i) The basic purpose of technical co-operation should be the promotion of self-reliance in developing countries, by building up, inter alia, their productive capability and their indigenous resources - by increasing the availability of the managerial, technical, administrative and research capabilities required in the development process;

(ii) The selection of priority areas in which to seek UNDP assistance should remain the exclusive responsibility of the Governments of the recipient countries. In that context, UNDP should respond favourably to requests for meeting the most urgent and critical

needs of each developing country, taking into account the importance of reaching the poorest and most vulnerable sections of their societies and enhancing the quality of their life;

- (iii) Technical co-operation should be seen in terms of output or the results to be achieved, rather than in terms of input;
- (iv) So long as projects are for the basic purpose of technical co-operation, UNDP should provide, where appropriate, equipment and material resources, adopt a more liberal policy towards local cost financing and be flexible in requirements for counterpart personnel;
- (v) UNDP should diversify the sources of its supply from countries, to enable it to mobilize in a prompt and efficient manner all available human and material resources for technical co-operation, including particularly those from developing countries;
- (vi) UNDP should give increased support to programmes of technical co-operation among developing countries and should procure as much equipment and services as possible on a preferential basis in accordance with United Nations practice from local sources, or from other developing countries;
- (vii) Governments and institutions in recipient countries should be increasingly entrusted with the responsibility for executing UNDP-assisted projects;
- (viii) Technical co-operation should be provided at any of the levels and stages of the development process, including assistance for project planning, pre-feasibility, feasibility, detailed engineering design, and, where appropriate, construction and initial operations and management;
- (ix) In accordance with the Consensus, UNDP should more often enter into partnership with capital assistance sources, in the terms expressed in paragraph 53 of document DP/114, with a view to financing the technical assistance components of projects and programmes, taking into account the close relationship between technical co-operation and capital formation;
- (x) In the context of new dimensions of technical co-operation, special attention should be paid to the requirements of the least developed among the developing countries;

(f) Decided to undertake periodic reviews of progress in the application of the above guidelines, as part of the continuing and over-all efforts to improve the quality and efficiency of the Programme;

(g) Invited the Economic and Social Council to bring this decision, together with document DP/114 and the respective part of the Governing Council's report on its twentieth session, to the attention of the General Assembly as the contribution of UNDP to the preparations for the seventh special session of the General Assembly.

CHAPTER III

ACTIVITIES OF UNDP IN 1974

55. In his opening statement to the Council under agenda item 3 (a), the Administrator remarked on the complexity of the era and the as yet unmanaged interdependence, which, combined with vast disparities in human conditions, posed serious threats. The Council was witness, he said, to the emergence of a widespread willingness to try to solve some of the world's most acute international economic problems and to meet global responsibilities. The task ahead was long and arduous, given growing concentrations and polarities on the world scene. But the call for a new international economic order by the General Assembly at its sixth special session had already spurred astonishing momentum toward the creation of a global economic régime.

56. Following the 1970 Consensus of the Governing Council, ^{3/} UNDP had put its house in good condition to help sustain that momentum. Now it had identified for the Council's consideration some new dimensions that would enable UNDP to stay on the leading edge of development and technical co-operation. Under the indicative planning system, more than three quarters of UNDP resources would be allocated to countries with a per capita GNP of less than \$300 a year. It was the understanding and co-operation of the Governing Council that had made that achievement possible and, the Administrator said, had encouraged the Programme to consider the possibility of reaching some broad understanding on more equitable sharing in the support for the Programme's resources. The voluntary principle was not in question, but the size and scope of the Programme made it desirable to determine probable support from individual donors and groups of donors, since a decision on the resource base for the next programming cycle must be taken in January 1976. The erosive effects of inflation also pointed to the need for a broader and more even support from members.

57. The Administrator stated that, while the first cycle of country programmes had varied in quality and success, much had been learned from the process. Accordingly, a new, more flexible country programming method was being presented for consideration by the Council, to be applied to the next programming cycle. There would be other measures designed to improve the efficiency and effectiveness of the Programme. He foresaw the need for far more intersectoral programming and co-ordination. It had been found imperative to centre more of the Programme's operations in the field. Steps had also been taken to harmonize decentralization with the executing agencies and to improve programme delivery. Measures were being planned to co-operate with some major oil-exporting countries to employ financial resources for the benefit of the developing countries they were aiding, to improve the system's capacity to make investment identification more readily available and to promote triangular forms of co-operation. As part of its field advisory system, UNDP was also initiating a series of technical notes that built on the operation experience of UNDP and the agencies in the United Nations system.

^{3/} See General Assembly resolution 2688 (XXV), annex.

58. Such steps could be seen as elements completing the historic sequence of actions undertaken since the Consensus, the Administrator observed. But new challenges were moving the Programme toward new dimensions in technical co-operation and an even greater capacity. The times called for a result-oriented approach, greater flexibility with respect to inputs, and the mobilization of the growing competence and capacities of the developing countries themselves. The art of technical co-operation had evolved tremendously from the time it had first been put into international practice, and UNDP must stay abreast or risk failing in its mandate.

59. It remained to be noted that, in conformity with the Consensus and with the Governing Council's guidance, an efficient system had been created to serve, however modestly, the interests of world development. That system, in the Administrator's view, could be greatly expanded with very little adaptation and effort. Detailed recommendations on the best use of that system were now before the Council, and he recommended them strongly.

A. REPORT OF THE ADMINISTRATOR FOR 1974 INCLUDING HIS REPORT
ON THE UNITED NATIONS CAPITAL DEVELOPMENT FUND

General observations

60. As with the other documents placed before them, many members of the Governing Council expressed satisfaction with the high quality of the report of the Administrator for 1974 (DP/111 and ANNEX I and Corr.1 and ANNEX II), which summarized the policy issues, field activities, special programmes and statistical performance of the Programme in 1974. In the words of one member, it was a chronicle of achievement, eloquently drafted and comprehensive in scope. It was found to provide members with a good basis for evaluating the status of the Programme and discussing its future direction.

61. Several members expressed regret, however, that the organization of the work of the Governing Council itself had not allowed a coherent treatment of the report as a whole. They hoped that in the future the annual report would be given full consideration as a policy document in its own right.

The Programme in perspective

62. Various members pointed out that for 25 years UNDP and its predecessor organizations had been successfully operating for the benefit of the developing countries. As the Administrator had indicated in his opening statement, UNDP had come a long way since its founding. It was now making a valuable and unique contribution to international development efforts, and its role as the primary dispenser of technical co-operation in the United Nations system had become indispensable. As was evident from the Administrator's report, 1974 had been a year of intensive soul-searching. There had been a frank perception of defects and shortcomings, accompanied by a determination to overcome them. The self-critical appraisal was to be commended, and had borne fruit in the improved performance of the Programme in 1974, for which many members, from developing and developed countries alike, expressed heartfelt appreciation.

63. As one member said, there were two essential ingredients of UNDP assistance which singled the Programme out from other technical assistance efforts, namely the freedom of choice that the Programme offered recipient Governments and the flexibility of implementation it permitted. It was those unique features that the report, particularly in its summary of new dimensions for UNDP, sought to further. Another essential quality of the Programme was the network of offices and services it maintained in developing countries. The network facilitated close contact, direct co-operation and a constant dialogue between UNDP and the authorities charged with development policies in those countries, and was in itself an important contribution to development efforts.

The record in 1974

64. Several members noted that recent political developments were creating favourable pre-conditions for the development of the world economy and for the profitable exchange of trade and technology. The Programme of Action on the Establishment of a New International Economic Order, adopted by the General Assembly at its sixth special session, 4/ together with such recent manifestations as the Charter of Economic Rights and Duties of States 5/ and the results of the Second General Conference of UNIDO, held at Lima from 12 to 26 March 1975, had all signalled the evolution of a more just and equitable new international economic order among nations.

65. In that context, a great many members expressed gratification with the 55 per cent increase in project commitments made by UNDP in 1974 as compared to 1973, and with the corresponding 13 per cent increase in actual delivery. Others noted that more than 90 per cent of the total IPF programme for 1972-1976 had been committed by the end of 1974, but some cautioned that the figure should not retard the progress of project approvals, within reasonable limits of over-programming, during the remaining years of the first programming cycle. In that connexion, one member suggested that the Council might like to specify a certain limit, say up to 50 per cent, up to which over-programming could be allowed by countries so as to ensure 100 per cent delivery within their IPFs.

66. Other members, while expressing satisfaction at the fact that the resources of UNDP had been put to good use during 1974, noted none the less that the economic efficiency of the Programme could be improved. Several were particularly pleased that the UNDP Administration was undertaking a major strengthening of its evaluation apparatus, which would be of general benefit to all development efforts. One member pointed out, however, that the performance of the Programme still left much to be desired. By the end of 1974, he noted, only 46 per cent of the IPF resources for the first programming cycle (1972-1976) had been delivered. At the same time, the Programme had not sufficiently adapted itself to new economic and social developments. The Programme had not adequately stressed the growth of the industrial sector, without which economic independence for developing countries was impossible.

4/ See General Assembly resolution 3202 (S-VI).

5/ See General Assembly resolution 3281 (XXIX).

67. In reviewing the Programme's work, one member expressed the hope that changes could be made in the means by which the Governing Council guided the operation of UNDP. The heavy burden on the UNDP Administration posed by biannual meetings of the Governing Council might be alleviated by delegating many of the responsibilities of the Council to a smaller board, meeting periodically at UNDP headquarters. That would leave only major policy and budgetary issues for consideration by the Council once a year. It might even be possible, in the view of that member, to move eventually to sessions once every two years. However, several members had strong reservations regarding the proposal.

Changing development needs

68. Various members expressed appreciation of the Programme's efforts in 1974 to adapt to the changing development needs of the new economic order. Some agreed in particular that in the future still more account must be taken of varied conditions in the developing world. In that respect, resident representatives had an especially important task, namely to advocate that necessary changes should be carried out as rapidly as possible and in accordance with the new priorities. One member expressed the view that the increase in the price of oil was a natural development, which sought to redress the inequities of the past, and that serious economists recognized that the oil-exporting countries were not the architects of the world's current problems. In fact, the member said, oil-producing countries had already demonstrated their good faith by their readiness to engage in an active dialogue with the industrially advanced countries, avoiding a spirit of confrontation and seeking a just and equitable foundation for the new economic order in the prices of raw materials and primary commodities exported by the developing countries. Moreover, his own country was not oblivious to the plight of developing countries adversely affected by the increase in the price of oil. It would seek to provide maximum assistance, an obligation which should be equally shouldered by the industrially advanced countries.

69. A number of countries welcomed the fact that more than 75 per cent of UNDP resources would be allocated to countries with a per capita income of less than \$300. One member noted that many of those countries were the ones most severely affected by the increase in oil prices. That member also expressed appreciation to those oil-producing countries which were contributing more to the Programme. The fact that 22 per cent of Programme resources were also flowing to the 25 least developed countries was also commented upon favourably by certain members.

70. Other members warned, however, that changing conditions in the developing world had placed added stress upon countries most seriously affected by the food-fuel-fertilizer crisis, and that those countries' development efforts should not be neglected in any future allocation of UNDP resources. One member urged that the status of being "most seriously affected" should be incorporated as a major criterion in the allocation of IPFs. Still others pointed out that it would be obviously incorrect to describe countries with per capita GNPs somewhat above \$300 a year as being relatively rich developing countries. Those countries were still in need of UNDP and other technical co-operation efforts, since they remained well below the definition of the poverty line established in certain developed countries. They should therefore continue to receive assistance to enable them to become self-reliant within the shortest possible time. It would then be possible for them to play a more positive role in the international development effort. Other members felt strongly that cognizance should be taken

not only of the poorer countries but of the poor majority in most countries, among whom deprivation was pervasive, particularly in the case of women and children. In that connexion, one member noted that only four of the 16 least developed countries in Africa were listed as beneficiaries of the waiver of UNDP local costs and urged that the remaining 12 promptly be extended local cost financing in accordance with earlier Governing Council decisions.

Resources for development

71. In virtual unanimity, members cited the importance they attached to the need for increased resources for development. Two members noted that, on the basis of what had been accomplished by the Programme, they were increasing their contributions to UNDP over and above the amounts they had pledged for 1975, and several others indicated that they would attempt to increase their voluntary contributions for 1976. One member noted that the share of Programme resources pledged by the Nordic countries now matched the 26 per cent share provided by the countries of the European Economic Community exclusive of Denmark. Others noted with satisfaction that the developing countries themselves had increased their pledged contributions by more than 20 per cent for 1975 as compared to 1974. Still others noted that certain developing countries had themselves become net contributors to the Programme, and others had undertaken to become so.

72. Certain members, however, expressed their concern regarding a trend toward stagnation in voluntary contributions in real terms, and one member noted that a major contributor had actually reduced its contribution in 1975. Another member expressed displeasure with the fact that only four of the Programme's recipients were currently net contributors, expressing the view that higher-income developing countries should move toward the status of net contributors as rapidly as possible. As one member expressed it, traditional contributors must maintain their support, while new contributors should add to the resource pool.

73. Still another member noted with concern that the 9.6 per cent growth target in voluntary contributions failed to take account of the impact of global inflation on the Programme's resources. A main concern was to prevent inflation from interfering with programming and reducing the Programme's delivery capacity. The solution naturally lay in a higher growth rate in voluntary contributions, and a number of members promised that their countries would contribute at an expanding rate.

74. Some members therefore agreed with the Administrator that the time had come to consider whether some norms should not be set for the share in Programme resources of important groups of donors. The objective should be to provide the Programme with a stable and sound long-term financial basis. Notwithstanding the fact that the level of contributions was subject to the sovereignty of States, it should be possible to establish a level below which contributions should not drop for fear of endangering the entire Programme, as one member expressed it. In the view of some members, however, it was considered inappropriate for UNDP to engage in any formula for "burden sharing". The term itself was a matter of concern with regard to a Programme that was voluntary; UNDP was only one of several international development institutions, and, while it was doing a good job, its support might better continue on a strictly voluntary basis.

Sectoral and regional considerations

75. In terms of the sectoral disposition of UNDP resources in 1974, one member noted with satisfaction that agricultural, forestry and fishery projects continued to have a clear lead, with about 27 per cent of planned expenditures. That was in accord with the importance, stressed by various members, of rural development efforts which reached the bulk of the people in low-income countries. There was also satisfaction at the fact that 25 per cent of UNDP-supported projects would be devoted to projects with a social orientation, such as education, health, employment and other social services, with the hope that the trend would be further strengthened. The member mentioned earlier noted, however, that the pattern of sectoral assistance to the least developed countries, as described in the report, showed that the amount of planned resources flowing into health projects in Africa fell well below the average for all developing countries. In a similar vein, another member noted that in the fields of health, transfer of technology and development of science and technology a proportionately higher investment was being made in countries with relatively higher per capita incomes. That was paradoxical, because the maximum need in those fields existed in the poorer countries. It was hoped that the Administration would bear that consideration in mind.

76. Other members also expressed concern regarding the various aspects of the sectoral disposition of UNDP resources. One urged that due consideration should be given to the problems of climate and ecology, which had recently been so vividly demonstrated in the Sahel region of Africa, as a subject for future UNDP-supported pilot projects, studies and programmes. Another endorsed the idea of an industrial and technological information bank, as elaborated in the programme of action adopted at the UNIDO conference at Lima. Still others recommended emphasis on projects likely to make a direct impact at the village and rural level, so that the great mass of people could feel a sense of involvement in the development process and reap its benefits. In the light of the energy crisis, one member urged a timely initiative to launch a global project for coal processing. Another indicated that the key task of UNDP was to contribute to the industrialization of developing countries, which needed to improve their position in the system established by international capitalism for their division of labour.

77. The activities of the Programme by region were commented upon by several members. One wanted to know why regional integration efforts in the Pacific were not accorded in the report the attention given to such efforts in the Caribbean. Others noted with approval the broad trends of the Programme in their regions. One member suggested that the time had come for the establishment of regional offices for UNDP, which would make the Programme more responsive to the needs of developing countries, speed project implementation, strengthen the activities of the regional economic and social commissions and reduce the administrative burden at UNDP headquarters. Most members generally agreed with the Administrator, however, that such a restructuring of UNDP would be premature in the light of various proposals for the general restructuring of the United Nations system.

78. A number of members were of the view that UNDP should pay more attention to ways of developing more intercountry and interregional programmes. Some were of the opinion that intercountry training projects and seminars were a particularly valuable means of assistance. One member urged specific attention to the need for an intercountry fertilizer project in its region.

Experts, equipment, subcontracts and fellowships

79. In its discussion of Programme inputs, the Council returned again to the theme of excessive concentration in a few developed countries of the resources supplied by the Programme. Various members noted that more than a third of the experts serving in the field in 1974 came from three industrially advanced countries. Other members noted with satisfaction, however, that more than 30 per cent of the experts serving in 1974 had been drawn from a relatively wide group of developing countries. Such recruitment was said to be in line with both the universality of the Programme and the Council's prescription to support and encourage technical co-operation among developing countries. In that connexion, one member suggested that UNDP undertake an appropriate education programme designed specifically to train more developing country experts for service in the field. It was said that such experts, because of their general background and attitude, were better equipped than others to understand and deal with conditions in developing countries. Several countries also noted that the supply of experts in the Programme from socialist countries was declining, despite the ready availability of many such advisers and repeated offers by the socialist countries to make them available to the Programme. In general, the members called for a larger utilization of the capacities of all countries in the recruitment of experts, with particular attention, as noted, to the capacities of the developing countries themselves.

80. Another member noted that, while expert costs were being revised upward under the pressure of inflation, the stipends for UNDP-financed fellowships had remained static for some time and in a few instances had been reduced. The living costs for such fellows, some of whom would also be in senior positions in their own Governments, had hardly remained constant, and in some cases existing allowances were reported to be half the living costs indicated by the universities themselves. That member therefore suggested that due consideration be given to revising fellowship stipends upwards at the earliest opportunity.

81. A number of members expressed dissatisfaction with the concentration of equipment purchases and subcontract awards in a few industrially advanced countries. As one member expressed it, the unreasonable concentration of that often commercially attractive side of the Programme's activities had been criticized by delegations, including his own, at least 12 sessions of the Governing Council since 1969. Another member said it would appear that one country might even have made a "profit" on its investments in the Programme in 1974. He understood that, under the current system, contracts and orders tended to go to countries with large and active missions in New York. That was wrong, and UNDP should itself make a greater effort to spread its expenditure, particularly among developing countries. Still another member suggested that donor countries whose returns from UNDP equipment purchases and contract awards in a given year exceeded 10 per cent of their contribution for that year might wish to consider redonating the excess as a supplementary contribution. He added that the Administrator should be requested to prepare a report explaining the reasons for the existing polarization and making recommendations for improvement.

82. With respect to subcontracts in particular, several members urged caution against too heavy reliance on that form of input. The work of subcontractors and consulting firms tended to be costly and was not always as efficient as was supposed. In the opinion of one member, however, UNDP did not seek the services of professional consulting firms as much as would be desirable and useful. Such firms had clear advantages, which the Programme should not overlook.

UNDP staffing and recruitment

83. Some members noted with interest the section on staffing and recruitment in the Administrator's annual report. Several made the point that, in general, administrative and overhead costs should be kept to a minimum. In some cases, it was said, field offices were overstaffed for the kind of co-ordinating activity undertaken by UNDP. Furthermore, the criteria for continued deployment of staff should not be the ability to parrot United Nations language but the person's ability to identify with the particular developing country's aspirations, problems and prospects. One member, noting that developing countries constituted more than three quarters of UNDP participants, observed that such countries had a far smaller ratio of seats on the Governing Council. In the distribution of personnel at headquarters and in the field, the situation was even worse and should be corrected through necessary administrative reforms. Another member also questioned whether adequate weight was given to geographical representation at appropriate levels of the Programme and in what manner such vacancies were filled. Finally, one member expressed his country's complete satisfaction with the UNDP Junior Professional Officer programme and pledged its continued support for that arrangement.

Projects execution by UNDP

84. Several members endorsed the work of the UNDP Projects Execution Division (PED), and noted that it had contributed significantly to the Programme's increased delivery in 1974, while keeping overhead costs to a minimum. One member welcomed the recent appointment of the Assistant Administrator (Operations and Procurement) to be responsible for PED operations as a proper reflection of the importance that should be attached to the Division's work. Another member inquired, in that connexion, whether an inventory of PED projects might not be submitted to the Council with respect to its annual review of the Programme's operations. Another indicated his delegation's interest in knowing whether a calculation had been made of the Division's overhead costs when the costs of other supporting units in UNDP were added in. In that way, a total figure on the Division's overhead costs for 1974 might be obtained.

United Nations Capital Development Fund

85. Various members expressed interest in the activities of the United Nations Capital Development Fund and particularly in its orientation towards assisting the poorer segments in society, first and foremost in the least developed countries. It was to be hoped, in that connexion, that the Fund would receive wider and more substantial support. The joint programming approach of the Fund with UNDP, it was said, permitted the four professionals of the Fund to minimize their administrative burden and stretch their development resources. In particular, the joint approach could be used to further efforts by developing countries to build permanent institutions and thereby reinforce, on a wider scale, the innovative, grass-roots approach that was characteristic of the Fund's operations. One member held that the Fund should adhere to its original aim and principles by using its resources mainly to help developing countries build some small-scale and medium-scale projects for industrial and agricultural production. That member disagreed with changing the orientation of the utilization of the Fund. He stated that the Fund's resources must not, however, be used for activities unrelated to the development of the national economy, and especially must not be used as a "production credit" to grant

loans to a so-called "debtor" unable to obtain normal financial assistance. One member expressed interest in learning from the Administrator, in his future reports, of the successes and failures being recorded by that approach and the conclusions to be drawn therefrom. Another said that the Administrator might want to consider the desirability of reviewing the Fund's activities separately, although he shared the Administrator's wish to include as many policy issues as possible in the annual report.

Assistance to Indo-China

86. A number of members expressed the hope that UNDP would assist generously in the reconstruction of the war-ravaged nations of Indo-China, and several inquired what steps the Administrator had taken to make UNDP assistance available to the Governments there. As one member stated, the nations in that region merited the priority attention of the Programme. It was stressed by some members that all assistance to the countries of the area should be given in accordance with the needs and requests of the countries, by ways and means which they deemed appropriate, and with full respect for their national sovereignty. One member reiterated that it had always been opposed to any assistance provided in the past by UNDP to the Lon Nol traitorous clique and the puppet Saigon régime and opposed to the assistance by UNDP to the Israel Zionists. The same member held that it was unreasonable and inappropriate for UNDP to provide assistance unilaterally to the South Korean authorities under the present circumstances. The so-called "Trust Fund for the United Nations Korean Reconstruction Agency" was entirely illegal and should be abolished. In that connexion, another member reiterated its opposition to past UNDP assistance to the overthrown Governments of South Viet-Nam and Cambodia and current assistance to Chile, Israel and South Korea. In response, an observer from a participating country pointed out that his country's requests for UNDP assistance were well established and that the integrity and efficiency of UNDP itself was recognized beyond any doubt.

Common register of development activities

87. One member noted that his country attached great importance to the common register of development activities described in the Administrator's report: there would be an increasing need for a centralized information system of that kind, dealing with United Nations operational activities, for the discussion of over-all priorities for the United Nations development system. The importance of the common register could increase rapidly as a consequence of decisions taken at the forthcoming special session of the General Assembly.

Relations with non-governmental organizations

88. One member commended the increasing co-operation of UNDP with NGOs, as described in the Administrator's report. It was important, not only because of the considerable financial resources devoted to development by NGOs but also because of the high degree of motivation and personal commitment that was common to NGO membership. However, some other members expressed reservations about the proposal to increase UNDP co-operation with NGOs and the transnational corporations.

Observations of the Administrator

89. The Administrator acknowledged that the discussion of his report for 1974 had been somewhat untidy. The reason lay in the high-level nature of the opening debate and the desire to accommodate all subjects to be covered. Normally, he expected that the annual report would be discussed as a distinct item in itself.

90. The Administration had been strongly encouraged by the statements of various developing country members expressing their confidence in the Programme's endeavours to be useful in their countries. He was particularly pleased that some donor countries had expressed their confidence in the Programme's work by announcing increases in their voluntary contributions.

91. He thought it fair to say that little disagreement had been expressed over the general direction of the Programme. The main lines of its work, in helping shape the new international economic order, in the emphasis on social content, in the importance placed on mass participation in development, in an integrated and flexible approach, and above all in self-reliance, were eloquently endorsed by many members. He would be remiss, however, if he did not comment upon a few issues raised by members.

92. Regarding Indo-China, he assured members that UNDP had been in touch with all Governments in the region, including the Democratic Republic of Viet-Nam, and only awaited their suggestions on how the Programme could best assist them. He wanted to make it crystal clear that UNDP never questioned the full, unimpaired sovereignty of recipient countries.

93. He welcomed the call of various members for strengthened evaluation efforts. The Programme's policy planning machinery was currently being reorganized for that purpose. He also welcomed the emphasis placed by many members on the importance of intercountry projects. It was something he had urged for some time, if not through a larger relative share for regional projects, then perhaps through a greater use of country IPFs, particularly among the more advanced developing countries.

94. He agreed with the importance that various members attached to the need for more research into functional technologies, for intensified agricultural efforts and for additional resources and inventiveness in the industrial sector.

95. As for the uneven distribution in the supply of experts, equipment and subcontracts, it was a difficult and delicate issue. He believed, however, that some progress was being made in evolving a more open system and in broadening the supply base of the Programme. The task required the fullest co-operation from the Programme's partners. With respect to the staffing of UNDP field offices in least developed countries, he could only say that he personally, along with his most senior colleagues, made sure that resident representatives were selected according to rigorous criteria for economic planning and managerial competence and for personal characteristics and attitudes. Those officers were also given priority support from the regional bureaux.

96. Finally, the Administrator expressed his gratification at the response of members to the resource outlook. He clearly perceived demand for real growth in the Programme's financial base, and hoped to return to the subject at a later time in the session.

B. EXPERIENCE IN COUNTRY PROGRAMMING

97. For its consideration of the subject, the Governing Council had before it, in document DP/116, a review of country programming experience. In that document, the Administrator had submitted to the Council his conclusions on the experience of country programming to date and his recommendations on the best method for programming in the future. Those conclusions and recommendations were based on a thorough review of country programming experience undertaken by UNDP in consultation with Governments and participating organizations and on the basis of observations and suggestions made on the subject by the Governing Council at its eighteenth session. 6/

Summary of discussion

98. Many members of the Council commended the Administrator for the thorough analysis and research that had gone into his review of the country programming experience. They particularly welcomed the frank and critical analysis of the problems faced in the formulation of country programmes during the first cycle.

99. The Council generally agreed with the conclusions of the Administrator on the assessment of the first country programming cycle. In particular, it endorsed the conclusion that the country programming system, based on the 1970 Consensus, was basically sound, marked a major advance over the earlier approach and had amply demonstrated its usefulness, and that most of the short-comings encountered during the first cycle were not due to the country programming system as such but to the manner in which the programming exercises were carried out. Several members stated that their own experience of country programming had shown that the present system was of unquestionable value.

100. Among the conclusions of the Administrator, many members of the Council attached the greatest importance to the contribution that country programming made to the identification of gaps in the planning and plan co-ordination machinery of the Government and the strengthening and establishment of such machinery. One member stated that the strengthening and establishment of planning and plan co-ordination machinery was of such great importance for the success of national development efforts that the contribution of UNDP in that area alone made country programming an eminently worth-while exercise. Most members endorsed the Administrator's suggestion that in helping Governments to formulate their country programmes the main emphasis should be on enhancing the Government's own capacity to formulate development plans and programmes and achieve a better co-ordination of external resources placed at their disposal for their development efforts. One member stated that the strengthening of government capacity to plan and co-ordinate was one of the basic conditions for attaining self-reliance. One member said that the formulation of the country programme was a matter that came under the sovereignty of the recipient country. It could be done only by the Government in accordance with its development priorities and needs, as well as the capability of UNDP to provide resources. That member disagreed with the formulation in paragraph 9 of document DP/116.

101. Another member stated that one of the advantages of the country programming system was the discipline that the exercise of drawing up a country programme imposed on all concerned, and the opportunity that country programming provided to

6/ See Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 2A, paras. 116-126.

the resident representative to exercise more effectively than before his leadership role at the country level on behalf of the United Nations development system.

102. The Council felt that the recommendations of the Administrator on the best method of country programming in the future, contained in section III of document DP/116 were constructive, and generally approved them; it endorsed the Administrator's suggestion that they should be used as a basis for preparing and issuing revised guidelines or instructions for the preparation of the second cycle of country programmes. Members of the Council made a number of comments and suggestions on the individual recommendations contained in that section of the document.

103. There was general agreement that the basic principles governing the existing country programming system did not need to be changed. However, they should be applied more effectively and the current procedures for applying them should be simplified and made more flexible. The improved procedures should be flexible enough to enable Governments to formulate country programmes in the manner most appropriate to their respective circumstances. Moreover, country programming should be a continuous dynamic process, involving, among other things, continuous dialogue and contacts with the appropriate government authorities and with bilateral and other sources of assistance. In the opinion of one member, the regulations for country programming should be revised according to the principle of full respect for the sovereignty of the recipient countries.

104. The Council generally approved the measures proposed by the Administrator for streamlining and simplifying the procedures of country programming, particularly for dispensing with the mandatory preparation and submission of briefs, background papers and comments thereon, and concentrating instead on the substantive preparation of the programmes at the field level.

105. It was generally agreed that it should be possible during the second cycle to relate the country programmes more meaningfully to the development objectives and priorities of the countries, without, however, making them the microcosms of national development plans.

106. Several members shared the view of the Administrator that, during the second cycle, an attempt should be made to concentrate UNDP activities in areas that were strategically important. It was, however, agreed that concentration could not be a goal in itself and that UNDP assistance should be given, as far as possible, in all the areas where it could have a catalytic role and where it had a comparative advantage over inputs from other sources.

107. Many members of the Council agreed that an identification of the totality of the technical co-operation needs of a country could provide a useful basis for defining the proper role of UNDP and those of other sources of external assistance in meeting the country's requirements and could facilitate the application of a multidisciplinary approach to the formulation of the country programme and systematically relating the programme to activities at the intercountry level. One member cautioned that the mapping out of the totality of technical co-operation needs of a country should be undertaken by UNDP on a highly selective basis, because the usefulness of such an exercise depended upon the requirements of and specific conditions prevailing in individual countries. Moreover, such an exercise

could become a formidable task and overstrain the resources of UNDP unless it was undertaken in a pragmatic manner and made full use of all the available studies, analysis and information.

108. Several members of the Council agreed with the Administrator's suggestion that in-depth sectoral studies should be used as the principal tool for the formulation of the next round of country programmes. Studies already undertaken by the Government or by other organizations should be used and, in other cases, they should be undertaken by the United Nations system in co-operation with Governments. One member stated that in-depth sectoral studies should provide an opportunity to determine where and how UNDP inputs could best be used with a view to meeting the needs of the poorest and the most vulnerable sections of society and enabling them to participate in the development process.

109. The Council also generally endorsed the suggestion of the Administrator that the country programmes during the second cycle should identify technical co-operation requirements mainly in terms of objectives and activities and should specify only ongoing projects, projects at an advanced stage of preparation and those which were due for implementation during the first two or three years of the programme. One member suggested that, instead of Governments submitting comprehensive project documents, including plans of operation, they should submit only brief project requests setting out the problems and objectives. The requests could be considered for approval in principle at headquarters and thereafter detailed project documents could be prepared.

110. Some members singled out for endorsement the Administrator's recommendations in paragraphs 47 and 48 of DP/116. They agreed with the analysis and conclusions of the Administrator in paragraph 47 regarding the possibility of applying global norms and priorities in the formulation of country programmes, and they approved the measures proposed by the Administrator in paragraph 48 for taking into account activities at the intercountry level in the formulation of country programmes. One member recalled that the Administration had agreed to present UNDP intercountry programme documents for the second cycle to the Governing Council and looked forward to reviewing those programmes at the appropriate time.

111. On the question of periodic reviews, one member stated that if the review was to involve a re-examination of the justification and content of individual projects on an annual basis, it might lead to a continuous questioning of all projects, which would have adverse implications for project implementation. The same member stated that over-programming, if carried to an extreme, might be contrary to the very principle of programming.

112. Several members expressed their satisfaction with the statement of the Administrator that every effort would be made during the second cycle to bring UNDP and the agencies closer together and that the fullest opportunities would be provided to the agencies to make available the intellectual inputs they were capable of contributing. In this connexion, it was underlined that the most important contribution of the agencies to the formulation of country programmes would be their role in the preparation of in-depth sectoral studies. Some members referred to the provision of the Consensus relating to the Governments' responsibility for the formulation of country programmes and stated that it was entirely up to Governments to decide whether and in what form to seek assistance in the formulation of country programmes.

113. A number of members emphasized the importance of achieving better co-ordination of UNDP assistance with other inputs during the second round of country programming. It would, they said, have a greater over-all impact on the development effort of the countries and they expressed the hope that the approach of joint financing proposed by the Administrator as one of the "new dimensions" in document DP/114 would facilitate such co-ordination and the application of a multidisciplinary approach in the provision of UNDP assistance to developing countries. Other members reiterated the provision of paragraph 10 of the Consensus that "It will be for the Government to take into account, while preparing the country programme, other external inputs, both multilateral and bilateral".

114. One member suggested that UNDP should organize workshops, preferably at the regional and subregional levels, for those who would participate in the second round of programming, in order to explain the revised guidelines and procedures. Another member suggested that the programmes formulated during the second round should attempt to identify the influence of the "new dimensions" upon each programme in order to facilitate a continuing review of progress in the application of the guidelines established by the Governing Council on the subject.

115. Members of the Council agreed that the Council should, at one of its forthcoming sessions, review its current procedure for the consideration and approval of country programmes. It was pointed out that existing procedures were extremely time-consuming and involved considerable costs by way of translation and reproduction of voluminous country programme documents. It was also stated that if, in accordance with the new procedures suggested by the Administrator, programming became a dynamic process and the nature and scope of the programme document underwent a change, then the manner in which the Governing Council considered and approved country programmes also had to be changed. One member thought that the country programmes to be submitted to the Governing Council in the future should only indicate the basic consideration underlying the formulation of the country programme, criteria applied for seeking UNDP assistance and the co-ordination measures proposed to be taken by the recipient country for utilizing in a rational manner all the resources of assistance available to it.

116. Another member saw merits in the Governing Council continuing to receive country programming documents. But instead of the existing time-consuming procedure of considering those documents, members might provide written comments or short verbal statements on specific points only.

117. One member, supported by several others, suggested that the Administrator should prepare a short document indicating possible ways of streamlining and rationalizing the procedures for the consideration and approval of country programmes by the Government concerned. That could be considered at the next session of the Governing Council and a decision could be taken at that session. There was general endorsement of the suggestion.

Observations of the Administrator

118. In his reply, the Administrator assured the Council that the new procedures he had suggested for preparing country programmes were not intended to limit or circumscribe the role of agencies. His conclusions and recommendation had, in fact, been formulated in consultation with agencies. If he had suggested the omission of some of the preparatory work undertaken during the first round, it was because the continuing review of ongoing programmes and continuing attention to

programme development made that unnecessary and Governments in the developing countries should be relieved of that additional burden in the preparation of their country programme. UNDP should not overlook any avenue for reducing unnecessary work for all concerned.

C. DECENTRALIZATION OF THE ACTIVITIES OF UNDP

119. Under item 3 (h) of its agenda, the Council had before it a note by the Administrator (DP/124) on the decentralization of the activities of UNDP, including the relationship of UNDP to the regional economic commissions.

Summary of discussion

120. There was general appreciation of the fact that adequate attention was being given to the role that the regional commissions could play in the planning and execution of selected UNDP intercountry technical co-operation projects and commendation for the Administrator's efforts in that matter. The increased co-operation between UNDP and the commissions was regarded as beneficial to the development efforts of the developing countries.

121. Several members stressed the particular advantages accruing from the increased participation of the regional commissions in the planning of UNDP intercountry assistance, since the commissions were very well informed on conditions in their respective regions. One member stated that, if such collaboration was organized rationally, it could not fail to serve the final objectives of UNDP. Some members referred with satisfaction to the establishment of an internal working group by the Administrator to advise him on aspects of the planning of intercountry assistance and looked forward to being informed of the results developed by the group, having in mind the future role of the commissions. One member stated that he awaited with interest the outcome of new regional programming exercises undertaken in association with the respective commissions. One member considered that intercountry projects should be planned to ensure the creation of larger regional or subregional economic groupings.

122. Concerning the increased role of regional economic commissions as executing agencies for selected UNDP intercountry projects, there was general agreement that project selection should be made on a case-by-case basis so as to ensure the use of the executing agency best able to implement each particular project. A member stated that it would be inappropriate to have all regional and subregional projects in which the United Nations was the executing agency automatically assigned to the commissions, and that there should not be a fixed proportion of regional IPFs earmarked for execution of projects by the commissions. Some members underlined the importance of the regional commissions' maintaining a proper balance between their essential role in conceptualization and research and their operational activities. A member stated that the commissions should act as executing agencies only to the extent that they could do so without altering their intrinsic nature or extending their administrative machinery. A member warned the Council against the duplication of administrative machinery at United Nations Headquarters and at the offices of the regional commissions and referred to the potential problem of concentrating the recruitment of experts within a region, rather than maintaining it on a global basis. Bearing in mind all the responsibilities that the commissions would have to shoulder in implementing projects, one member stated that the first step should be for the Administrator to discuss the situation fully, with the Secretary-General among others, and to submit a report on the matter to the Council.

123. Several members welcomed the efforts of the Administrator to develop effective liaison arrangements at the headquarters of all regional economic commissions, having regard to the individual situation of each commission. One member welcomed the recent designation of the Office of the Resident Representative at Beirut as a liaison office with the Economic Commission for Western Asia (ECWA), thereby ensuring that UNDP now had formal liaison arrangements with all the commissions. Another member welcomed the Programme's experimental approach to liaison arrangements with ESCAP at Bangkok, where direct contact had proved highly productive.

124. Having regard to General Assembly resolution 3252 (XXIX), several members expressed their strong support for the numerous measures taken by the Administrator to decentralize the activities of UNDP from headquarters to the field offices. It was generally considered that the goal of decentralization could best be achieved through proper delegation of authority to the UNDP resident representative and that there was no need to create further machinery for the purpose. A member stated that decentralization to the field should not be a reason for increasing staff. As an illustration of further delegation of authority to the field, one member supported the idea that any increase in the value of a project could be approved by the resident representative. Decentralization could also be enhanced, it was stated, through improved relations with the commissions. Most members agreed with the Administrator's judgement that decentralization did not require the establishment of UNDP regional field offices, which would only duplicate functions already otherwise performed, or the relocation of the regional bureaux to the field. One member considered that regional headquarters, while involving the creation of new offices, would mean the transfer of certain functions from headquarters, and would result in enhanced country, regional and subregional relevance of UNDP projects.

Observations of the Administrator

125. Referring to the discussion of item 3 (h), the Administrator appreciated the views expressed on the matter of decentralization. He noted the general agreement that the commissions should be more involved in the planning of intercountry assistance and that such involvement should be developed in a rational manner. The Administrator was glad to observe the consensus that the commissions should have a proper role in acting as executing agents for UNDP projects and that the projects for execution by the commissions had to be chosen on a case-by-case basis. The Administrator had already stated his view that the best use of the commissions was that which allowed for a proper balance between their essential role in conceptualization and research and their operational activities.

126. On the issue of UNDP liaison arrangements with the commissions at their headquarters, the Administrator appreciated the similarity of views among Council members and their approval of the many steps he had taken in this regard. He said that he would continue to experiment in this area; and, if further arrangements required the approval of the Council, he would be ready to submit suitable proposals.

127. Finally, the Administrator appreciated the support expressed for the several steps that he had taken in the area of decentralization to field offices and noted the general agreement that there was no need at that time to establish UNDP regional offices. The Administrator assured the Council that he would carefully consider the suggestions made in that connexion in the light of changing conditions.

D. THE INTEGRATION OF WOMEN IN DEVELOPMENT

128. The subject of women and development was considered under item 3 (b) of the Council's agenda. In accordance with the decision taken at the nineteenth session, 7/ the Administrator submitted a report (DP/127) outlining the progress made regarding women's participation in development. The report focused on activities in three main areas: relevant UNDP-supported country and intercountry projects and programmes, the preparation of an information booklet on the integration of women in development, and UNDP participation in and cosponsorship of an international seminar on women in development.

129. Concerning the first of those areas, the Administrator's report - though emphasizing the preliminary nature of much of the information presented - reviewed on a region-by-region basis those activities supported by the Programme which had as their aim the intensification of women's involvement in the over-all development effort. Based on a total of 65 substantive replies received from resident representatives, the report noted that, though in many countries substantial advancement had been recorded in strengthening the role of women in respective economic and social structures, progress had been by no means uniform and, in some instances, a deterioration had occurred in the position of women. Although varying from region to region and from country to country within the several regions, women's participation in UNDP-assisted activities had generally been, the Administrator's report indicated, less than could be considered satisfactory. On the basis of the information received from field offices, the report concluded that additional information and programme development activities relevant to the needs of women were necessary. The monitoring of progress made in involving women actively and on an equal basis with men would be continued and further policy guidelines might be prepared. Finally, the report stated, the Administrator intended to pursue a policy designed to increase the number of women working in UNDP offices, not least in senior policy-making positions.

130. In connexion with the preparation of the information booklet, the Administrator's report stated that the booklet Integration of Women in Development had been published in English, French and Spanish and was available to members at the current session of the Council. The booklet would also appear as a UNDP document at the World Conference of the International Women's Year.

131. The Administrator's report also described the international Seminar on the Integration of Women in Development, of which UNDP, together with UNITAR, was a sponsor. The seminar, which would take place in Mexico City from 16 to 18 June 1975, immediately prior to the opening of the World Conference, was expected, among other things, to contribute to the proceedings of the World Conference itself, as well as provide long-range guidelines for national and international programmes of action aimed at the integration of women in development.

Summary of discussion

132. Members of the Council were generally appreciative of the Administrator's report. Several of them referred specifically to the frank and realistic appraisal

7/ Ibid., Fifty-ninth Session, Supplement No. 2, para. 151.

of limited unanimity among members participating in the discussion as to the importance of the subject, and many expressed the view that UNDP efforts aimed at promoting the total integration of women in national and intercountry development projects and programmes should be increased. Many members welcomed, as well, the Administrator's intention to increase the number of women staff members in UNDP offices, particularly in senior positions.

133. One member, speaking on behalf of several others, referred to the limited progress recorded and stated that actions to involve women more directly and completely in the development process should form an integral part of general development policy rather than be viewed in isolation. Expressing the hope that future consultations between UNDP and Governments would be intensified, the member also urged that action be taken now to achieve greater participation of women in ongoing projects as well as in projects to be launched during the remaining period of the first programme cycle. In this respect, the developing countries themselves should make greater efforts to provide suitable women candidates for project assignments. He looked forward, he said, to regular reports by the Administration on the progress achieved regarding efforts designed to improve the status of women in development activities.

134. Several other members related to the Council the progress achieved by women in their respective countries. One of them, expressing regret at the lack of substantial progress gained in integrating women in development, stated that many of the difficulties encountered had long been solved in his country and in countries with similar economic and social systems. He suggested that UNDP could do well to make greater use of the experience gained in those countries. Another member pointed out that if women were to be increasingly integrated into the labour force, it was essential to ensure that job opportunities existed. Thus, the problem was one of affecting development generally as well as a major part of each country's population in particular.

135. Several members stressed the importance of education and training in enabling women to take advantage of the opportunities that would become available to them. They shared the view that only gradual progress could be expected at first, since the difficulties encountered were often attitudinal rather than technical and deeply embedded in various cultures throughout the world. The Administrator was encouraged to intensify the informational and programming development activities mentioned in his report.

136. With respect to the booklet Integration of Women in Development, several members referred to its publication with approval and expressed the assurance that it would make a genuine contribution to the World Conference of the International Women's Year. The international seminar being cosponsored by UNDP was also referred to positively and members expressed the hope that the results would become widely known shortly.

Observations of the Administrator

137. In responding to points raised in the discussion, the Administrator acknowledged that there had been few concrete accomplishments at that stage. He was encouraged, none the less, by the general results of UNDP initiatives in the area. He expressed agreement with the idea that the Programme's major responsibility at

that point was largely to develop a preparedness to respond when national authorities and executing agencies defined the opportunities. He emphasized that the groundwork for systematic and sustained activity has been established and UNDP intended to pursue vigorously every opportunity provided by Governments to enhance the role of women in the development of their societies.

Decision of the Governing Council

138. At its 475th meeting, the Governing Council took note with appreciation of the report of the Administrator for 1974 (DP/111 and annex I and Corr.1 and annex II) and of the Administrator's reports on the review of country programming experiences (DP/116), the decentralization of the activities of UNDP and the relation of UNDP to the regional economic commissions (DP/124), and the integration of women in development (DP/127), and of the observations made by members during the general discussion on those reports.

E. ASSISTANCE TO COLONIAL COUNTRIES AND PEOPLES

139. Under item 3 (f) of its agenda, the Governing Council had before it document DP/128 and Add.1 and 2, in which the Administrator presented recommendations for (a) the approval of IPFs for 1972-1976 in favour of countries and territories acceding or about to accede to independence, as well as illustrative IPFs for 1977-1981; (b) the increase of the "African undistributed IPF" for 1972-1976 by \$1 million to the amount of \$2 million for the use of the Comoro Islands, the French Territory of the Afars and Issas, and the Seychelles; and (c) the establishment for Namibia of an IPF of \$1 million for the remainder of the 1972-1976 cycle, as well as the establishment of an illustrative IPF of \$3.5 million for the 1977-1981 period.

140. The Assistant Administrator and Regional Director for Africa reported to the Council in comprehensive detail on three major aspects of UNDP assistance to colonial countries and peoples: action taken since the nineteenth session of the Council; the current situation regarding countries already independent or about to become so as well as other colonial countries in Africa, including their respective liberation movements; and the problems relating to over-all UNDP co-operation with colonial countries and peoples (DP/128/Add.2).

141. The Assistant Administrator reported first that since the Council's nineteenth session he had had consultations with leaders and representatives of many liberation movements, as well as with the heads of transitional Governments and their Ministers, the United Nations Commissioner for Namibia, and during the twenty-fifth ordinary session of the Council of Ministers of OAU, the secretariat of that organization. Those consultations had been fruitful in many respects. Agreement had been reached, for example, with the Secretary-General of the Mouvement de libération de Djibouti (MLD) and with the Secretary-General of the Front de libération de la Côte des Somalis (FLCS) that those leaders would discuss with and submit to the UNDP Resident Representatives in Ethiopia and Somalia, respectively, concrete proposals for UNDP assistance. The Assistant Administrator stated, however, that as yet no such requests had been received.

142. Similar contacts with leaders of the African National Council of Zimbabwe, the Assistant Administrator said, had contributed to the clarification of various issues concerning co-operation between UNDP and that liberation movement. It was further reported that discussions held with the Prime Minister and other high officials of the transitional Government of São Tomé and Príncipe had led to an agreement on a programme of co-operation which was subsequently finalized by technical missions undertaken in recent months by the various executing agencies concerned. Discussions on mutual co-operation were also held with representatives of the Movimento de Libertação de São Tomé e Príncipe (MLSTP).

143. The Assistant Administrator stated further that delegations from the Partido Africano da Independência da Guiné e Cabo Verde (PAIGC) and from the transitional Government of the Cape Verde Islands had been received at UNDP headquarters. Discussions there, in which the Resident Representative in Guinea-Bissau - having responsibility for the Cape Verde Islands as well - participated, had been extremely fruitful in the shaping of the Programme's assistance to that soon-to-become independent country. A series of meetings held by the Assistant Administrator in Luanda in mid-May with members of the Presidential Council of the transitional Government of Angola, as well as with the Portuguese High Commissioner, had been useful in discussing fully the transitional Government's development strategy. The President of the União Nacional para a Independência Total de Angola (UNITA) had also been consulted by the Assistant Administrator during his mission to Angola.

144. Leaders of the South West Africa People's Organization (SWAPO) had been in communication with the Resident Representative in Zambia, the Assistant Administrator went on to report, and aspects of UNDP assistance to Namibia had also been discussed with the United Nations Commissioner for Namibia.

145. In addition, members of the Council were informed, the Agreement of Co-operation between UNDP and OAU had been signed in April. Regarding UNDP/OAU co-operation, moreover, the Assistant Administrator stated that the OAU Council of Ministers had expressed the wish that assistance to the OAU secretariat should not be financed from the regional IPF for Africa but from additional resources.

146. Referring to the situation of UNDP activities in favour of colonial countries and peoples, the Assistant Administrator informed the Council that resident representatives responsible for programme matters had been assigned to each of the countries about to become independent, with the Resident Representative in Guinea-Bissau assuming responsibility for the Cape Verde Islands and the Resident Representative in Gabon assuming responsibility for São Tomé and Príncipe. The Assistant Administrator added that suboffices in both those countries were planned. In addition, the Resident Representative in Angola had joined his duty station at Luanda on 15 June.

147. In connexion with the proposed programme of co-operation with Mozambique, the Assistant Administrator stated that the planned multi-agency programming mission had been carried out and that a comprehensive programme had been developed. He indicated, however, that implementation of the programme might be beyond the financial resources available under the proposed IPF. Other programming missions sent to Guinea-Bissau were also entrusted with the responsibility of preparing appropriate projects for UNDP financing in the Cape Verde Islands. In addition, the Assistant Administrator said, follow-up measures had been taken by the executing agencies and the Resident Representative with respect to the programme agreed upon for São Tomé and Príncipe.

148. With regard to Angola, the Assistant Administrator reported that attention so far has been focused on the resettlement of refugees. Following consultations with the transitional Government, a multi-agency mission was scheduled to visit Angola in mid-July with a view to drawing up a comprehensive programme of resettlement of refugees within the over-all framework of the country's rural development policy.

149. Regarding UNDP co-operation with transitional Governments and with the liberation movements of countries about to become independent, the Assistant Administrator stated that the following policy line was being adhered to: first, UNDP-supported projects already initiated with liberation movements outside their countries would continue in co-operation with the liberation movements concerned, with the question of eventual transfer of projects into the countries being handled flexibly and in full understanding with the liberation movements and respective transitional Governments; and second, all projects being planned or requested as from now were expected to be channelled through the transitional Governments concerned.

150. Turning to the problems relating to UNDP co-operation with colonial countries and peoples, the Assistant Administrator said that they concerned Namibia and the over-all situation regarding the financing of Programme activities. In connexion with Namibia, it was suggested that the Governing Council might wish to advise the Administrator on how best to give practical effect to the request of the General Assembly, in resolution 3295 (XXIX), that all agencies in the United Nations system should "take such necessary steps as will enable the representation and participation of Namibia in the work of such agencies". Referring again to the same resolution, the Assistant Administrator informed the Council that, unless the Council decided otherwise, the Administrator intended to treat qualified Namibians applying for UNDP posts in the same manner as citizens of United Nations Member States. The Assistant Administrator also referred to the General Assembly's request in the same resolution, that an IPF be established for Namibia.

151. Regarding the over-all financial situation of Programme activities in support of African liberation movements, the Assistant Administrator pointed out that the cost of projects at an advanced stage of preparation approached \$2 million. Additional projects that had been approved would cost nearly \$3 million. Approval of the IPF for Namibia could bring to about \$4.5 million the total cost of approved projects and the projects available in the pipeline, he said; but since the trust fund approved by the Council at its eighteenth session ^{8/} had made available only \$2 million, an additional \$2.5 million would be required to finance all the reasonably sound projects that had been submitted. It was emphasized that the sum did not include the cost of projects recently requested by transitional Governments, since those costs would be charged against the IPFs being established for their respective countries.

152. The Assistant Administrator acknowledged that the Council had already approved the use of the Programme's own resources, in addition to those of the trust fund, to meet the needs of national liberation movements. He said, however, that the resources of the Programme Reserve were insufficient to meet the totality of those needs and appealed to Governments to supplement the existing resources. He pointed out further that the approval of IPFs for countries about to become independent would not completely resolve the financing problem since assistance would still

^{8/} Ibid., Fifty-seventh Session, Supplement No. 2A, para. 136.

be required by such liberation movements as those of Zimbabwe, the French Territory of the Afars and Issas (so-called French Somaliland), and South Africa. The Assistant Administrator said that it was not yet possible to estimate how much would be required to meet the needs of these liberation movements, and that, if the Administrator faced difficulties in financing the relevant requests, the Governing Council would be informed.

153. Following the Assistant Administrator's report, the United Nations Commissioner for Namibia addressed the Council, outlining briefly the current situation in that country. Stressing the special position of Namibia with respect to the United Nations development system responsibility, in that that country was the only place in the world under the direct jurisdiction of the United Nations, the Commissioner expressed the hope that the illustrative IPF for the period 1977-1981 would be revised upwards in view of existing conditions in the country. Referring to the long neglect of education in Namibia by the South African authorities and the total absence of Namibians from positions in the local government, he said that an entirely new civil service administration would have to be trained and established within a few years. The Council was informed that the Institute for Namibia was ready to begin operations and was preparing to conduct research into all aspects of Namibian life, as well as initiating plans for the development of a civil service infrastructure.

154. The Commissioner concluded his remarks by expressing his appreciation of the co-operation of the Assistant Administrator and his staff and by hoping that despite the illegal, intransigent attitude of South Africa authorities, the United Nations would be able to exercise its jurisdiction in Namibia, in fact, and not only in theory, within three years.

Summary of discussion

155. At the invitation of the President, representatives of the national liberation movements and of OAU participating in the Governing Council's consideration of the item took the opportunity of initiating the discussion.

156. The representative of OAU congratulated the Assistant Administrator on his report and on the Programme's rapid and constructive response to the needs of the people in southern Africa. Referring to the long period of colonial exploitation, he stated that the administrations in the newly independent countries were in chaotic condition and that the problems they faced went far beyond the capabilities of any one organization to solve. The entire international development system would have to become involved. While emergency needs would have to be met first, he urged that UNDP take the initiative in facilitating the establishment of contacts with other international development financing institutions for the purpose of encouraging investments for long-term progress. He emphasized, also, that UNDP assistance should be provided in co-operation both with transitional Governments within the territories and with liberation movements outside the territories. Referring to the IPFs proposed in document DP/128/Add.1, he urged that population and GNP should not be the only criteria employed. Though supporting the Administrator's recommendations, he pointed out that the IPFs were far below the amounts needed to meet the actual needs. He proposed also that the Council take immediate steps to establish IPFs for the other colonial countries. Querying the use of the term French Territory of the Afars and the Issas, he proposed that UNDP terminology be brought into line with that used by the United Nations and by the

liberation movement concerned. Expressing his organization's gratitude to several member States for their financial assistance, he suggested that efforts be made to increase collaboration with such bilateral programmes as the Canadian International Development Agency (CIDA) and the Norwegian Agency for International Development (NORAD).

157. The representative of the Pan Africanist Congress of Azania (South Africa) (PAC) stated that UNDP was embarked on a mission of great importance in rendering assistance to colonial peoples. Expressing the view that there was room for improvement in the Programme's collaboration with liberation movements, he hoped that UNDP would rise to the occasion and respond generously to appeals for aid. The amount of resources available seemed far too little in light of the needs to be met, he said. Noting that the PAC had already submitted concrete proposals to UNDP, he expressed the further hope that the costs could be met from the undistributed IFF for Africa. Contingency plans were available and all that remained for prompt implementation were the financial resources required.

158. The representative of PAIGC conveyed to the Council the thanks of his organization for the important help provided by UNDP through the efforts of the Resident Representative and the Assistant Administrator. With respect to the needs of his country, priority importance was attached to agriculture and health, with the development of natural resources as a longer-term goal.

159. The representative of the African National Congress (ANC) stated that he was convinced of the need for an economic boycott of South Africa, but even more convinced of the need to aid the liberation movement in that country. Referring to the report of the Council's nineteenth session, which indicated that difficulty had been experienced in identifying specific projects to be assisted, 9/ he said that plans had now been submitted which included proposals for agrarian projects, a poultry unit and activities relating to limited market gardening. He further stated that his organization was interested in educational assistance both for the children of activists and for the close to 800 undergraduates who could benefit from the granting of international fellowships.

160. The representative of the African National Council of Zimbabwe expressed his pleasure at participating in the Council's proceedings since he viewed this as recognition of the Council's right to represent the people of his country. He reported briefly on the consolidation of liberation movements in his country, stating that a convention would be held shortly to formalize that unity. Referring to the political situation in Zimbabwe, he said that he regarded the promise by the illegal régime of eventual majority rule as an empty one and that there seemed no alternative to armed struggle. He said further that his organization was waiting to see if the colonial power concerned was serious in its efforts to conduct meaningful negotiations in order to facilitate the establishment of true democracy. Regarding his country's development needs, he reported that, in addition to consultations with UNDP, active contact had been maintained with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF), WHO and the Food and Agriculture Organization of the United Nations (FAO). Among his organization's most pressing needs, he listed training in technical and administrative skills, institutions to care for and educate the destitute, both mobile and stationary clinics, self-reliant food

9/ Ibid., Fifty-ninth Session, Supplement No. 2, para. 249.

production schemes and a research and information centre for the compilation of basic economic and manpower data. He appealed to the Council for its indulgence with respect to the lack of professionalism which might be evidenced in the preparation of project requests to be submitted.

161. The representative of SWAPO reviewed briefly the recent political developments relating to Namibia, emphasizing the United Nations Security Council's findings, and expressing regret for the action of some of that body's members. He said that continued repression by the South African authorities was driving more thousands of refugees into neighbouring Zambia. Referring to the great needs of his country, he paid tribute to the United Nations Council for Namibia for its unstinting efforts on behalf of his fellow Namibians. He emphasized agricultural training and health clinics as among his country's most urgent requirements and recorded his appreciation for the co-operative assistance of UNDP officials in Zambia in helping to plan to meet those needs.

162. The representative of the Front de libération de la côte des Somalis (FLCS) informed the Council of two problems of paramount concern to his organization: the plight of many thousands of refugees in neighbouring Somalia, and the deplorable lack of educational facilities in his country, still under colonial domination. The refugees, he said, included many children, students and aged people, all of whom were in need of medical care, clothing, and education, as well as essential sustenance. He stated that within his country the colonial Power had shamefully neglected education to the extent that only one school had been built during the last 125 years and that 80 per cent of the places there were reserved for the children of the colonial Power. Associating himself with the view expressed by the OAU representative earlier, he regretted the use of the term Territory of Afars and Issas and hoped that it would no longer be employed in reference to his country.

163. The representative of the Mouvement de libération nationale des Comores (MOLINACO) welcomed the lofty aims of UNDP and expressed appreciation for the efforts of the Assistant Administrator and his staff. Referring to the 94 per cent "yes" vote in a recent referendum, he voiced the hope that his country would soon accede to independence. He described briefly the conditions prevailing in his country, stating that there was virtually no health infrastructure, with only one hospital and four small clinics scattered throughout the islands. Only nine doctors had been trained for half a million people. During a recent epidemic, he said, only the intervention of WHO had prevented a great loss of life. The educational system was similarly inadequate, with only 12 per cent of the population receiving secondary school training. In addition, he stated that the colonial Power had done nothing to promote either agricultural development or livestock production. He said that his organization was waiting expectantly for an expert mission to help prepare project requests, which he hoped would include many fellowships.

164. The representative of the Movimento de Libertação de Sao Tomé e Príncipe (MLSTP) informed the Council that his country's independence was scheduled for 12 July but that the victory would be meaningless if the capability to build a productive society was not soon developed. The assistance of the international community was essential, he said. Expert missions had already visited his country and their reports were eagerly awaited. He appealed to the Council for a prompt response to the requests which would result.

165. The representative of the Seychelles Liberation Movement (Seychelles Democratic Party (SDP) and Seychelles People's United Party (SPUP)) stated that, though the colonial Power had acknowledged the principle of independence for his country, many problems remained. He referred to the detaching of three islands from his country through unilateral action by the colonial Power and appealed for help in getting them back before independence. He stated further that in establishing his country's IPF, full account should be taken of the enormous economic problems it faced.

166. The representative of the União Nacional para a Independência Total de Angola (UNITA) expressed his organization's warm thanks to the Council for its invitation to participate in its work. Stating that the collaboration of all parties was necessary in order to achieve unification so that the ultimate goal of optimizing living conditions could be realized, he went on to list the priority concerns of his country. They included the creation of facilities for adequate health care, combating illiteracy, the establishment of schools, the development of diversified agriculture and the acquisition of necessary equipment. The human potential was there, he said, but technical assistance was required to make it productive. He stated also that the resettlement of refugees was another problem demanding immediate and co-ordinated action.

167. The representative of the Frente Nacional para a Libertação de Angola (FNLA) referred to the number of contacts his organization had had with UNDP over the years and expressed his appreciation for the efforts made on behalf of his country. He, too, stressed the importance of health, education and refugee resettlement as problems of primary concern. Stating that the imminent accession to independence could not by itself solve those difficulties, he expressed concern about the status of project requests already submitted and urged that they be given prompt consideration.

168. The representative of the Movimento Popular de Libertação de Angola (MPLA) expressed his organization's thanks for the opportunity to participate in the Council's work. Emphasizing that the resettlement of refugees and rural development were primary objectives, he urged that in future all assistance should be channelled through the Transitional Government.

169. The representative of the Mouvement de libération de Djibouti (MLD) thanked the Assistant Administrator for establishing contact with his organization and stated that the recommendation to use the undistributed African IPF for national liberation movements was a solid gesture of co-operation between UNDP and his country. Referring to the large number of refugees residing in Ethiopia, he said that assistance to them was crucial. He mentioned specifically that some 40 students were seeking scholarships abroad and he expressed the hope that they could be aided. In connexion with the use of the term French Somaliland, he requested that the expression be withdrawn since it did not reflect the political situation of his country.

170. Members of the Council were virtually unanimous in their expressions of support for the national liberation movements and for those countries about to accede to independence. While recognizing that basic economic and social problems would continue to plague the peoples of those emerging nations, many members nevertheless expressed their confidence that the new political situation would measurably enhance the effectiveness of the development effort in the former colonial Territories. Several members, referring to the responsibilities attendant upon the administration of an autonomous Government, remarked, moreover, that now

more than ever the technical assistance available from the United Nations development system was urgently required. In addition, one member warned against subversion of independence movements by neo-colonialists and stated that eternal vigilance must be exercised by the new Governments in order to obviate the replacing of old fetters with new ones.

171. The Council was generally appreciative, too, of the Assistant Administrator's report on UNDP activities in the area, although several members urged strongly that written documentation be provided at least a month before future Council sessions.

172. The increased contacts and consultations with national liberation movements was regarded favourably by many members who urged that these contacts be continuously maintained with a view towards formulating realistic and productive project requests.

173. The Administrator's recommendations for the establishment of IPFs for countries newly independent or about to become so were warmly supported. Many members, however, stated that not only should the supplementary criteria for determining IPFs be employed but that additional weight should be given in the calculations to the special circumstances which prevailed in those new countries as a result of the long period of colonization they had undergone. The recommendation that the undistributed IPF for Africa be increased to \$2 million was also supported, with one member suggesting that those resources also be made available to Territories other than those for which the funds were originally designated. The recommendation concerning the IPF for Namibia was received favourably as well on the understanding that every effort would be made to obtain accurate and up-to-date population and GNP data. Many members, in addition, urged that as much support as possible should be given to the Institute for Namibia in order to optimize the efficacy of its operations. Regarding Namibia generally, Council members were appreciative of the close co-operation between UNDP and the United Nations Commissioner for Namibia and strongly endorsed its continuance.

174. At the invitation of the President, the representative of the Office of the United Nations High Commissioner for Refugees (UNHCR) addressed the Council and informed members of recent activities carried out by his Office. As a result of an interagency mission to Guinea-Bissau, a \$4 million programme had been formulated and an appeal launched by the High Commissioner. A similar mission relating to Mozambique had also been carried out and an appeal for a more than \$7 million programme had been launched in April. In both these countries, tens of thousands of refugees had already been repatriated and resettled, he said. Members were also informed of the High Commissioner's intention to place at the disposal of the Transitional Government in Angola the sum of \$1 million while awaiting the report of an interorganizational mission charged with evaluating the requirements for repatriation and resettlement of refugees there. The representative stated that, in addition, more than \$11 million had been provided to host countries by the end of 1974 to assist refugees in Senegal, the United Republic of Tanzania, Zaire and Zambia.

175. Several members addressed themselves to the question of implementation, suggesting that the pace of executing UNDP-supported projects was far from satisfactory. One member reaffirmed his conviction that the liberation movements themselves were capable of carrying out projects. Another member expressed the view that a full-time special adviser to the Administrator should be given the responsibility of overseeing all assistance to liberation movements and colonial

countries. A suggestion to study the feasibility of reorganizing the Regional Bureau for Africa to provide for a separate unit to administer programmes relating to colonial countries and peoples was put forth by another member. Referring to that suggestion, one member stated his unqualified opposition. There was general agreement, however, that in view of the urgent needs of the countries and peoples concerned, every effort should be made to step up the rate of implementation.

176. Regarding the problem of financing UNDP assistance to colonial countries and peoples and to their respective national liberation movements, many members urged the continuance of the Trust Fund established for that purpose and commended those Governments which had contributed generously to it in the past. An appeal for further contributions was voiced. Many other members, however, while recognizing the current need for the Trust Fund, expressed their strong desire to see all assistance financed from the regular resources of the Programme as soon as possible, calling for increased contributions in order to facilitate this eventuality. One member announced that his Government would increase its regular contribution to UNDP for 1975 by approximately \$0.5 million in order for UNDP to facilitate the discharge of its obligations in that respect.

177. Referring to the use of the term "French Territory of the Afars and Issas" to designate French Somaliland, several members supported the objections raised by the representative of OAU and by the representatives of national liberation movements. They proposed that the terminology employed should be in conformity with that used by all United Nations bodies. One member stated that any decision adopted by the Council should include a paragraph indicating that the names used by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples should be used when referring to colonial countries and peoples.

Observations of the Administration

178. The Assistant Administrator and Regional Director for Africa, replying to the various comments that had been made, said that the reason why he had had to give an oral presentation of events in Africa was that he had wished to give the Council the most up-to-date information. If a full written statement had been circulated to members one month in advance of the Council's session, it would inevitably have omitted all information on events that had taken place since the end of March 1975; in other words, it would have included only about one fifth of the information he had given in his oral statement. He warned the Council that, should it request a written report for the twenty-first session, that report would have to be prepared by mid-October and would therefore give no information on the visits he was planning to make to Somalia and the Seychelles, so that in any event he would have to make an oral statement on those visits at the twenty-first session.

179. Turning to the question of the French Territory of the Afars and Issas, he reminded the Council that during the period 1967-1971 it had adopted IPFs for three African colonial Territories, namely the Comoro Archipelago, the Seychelles and the French Territory of the Afars and Issas. He was accountable to the Council, and not to the Special Committee, and unless the Council decided to change the name that it had used for the Territory in question when it had adopted the 1970 Consensus, he would be obliged to use that name. The UNDP Administration

would not reverse a decision taken by the Council unilaterally, nor was it entitled to act on a proposal from one delegation. He hardly thought the Council needed to be reassured that his use of the word used in the Consensus was in no way due to a colonial attitude on the part of himself or anyone else in UNDP.

180. With regard to the suggestion made by OAU and PAC that undistributed IPFs should be allocated to other Territories, he said that such action could only be taken on a decision by the Council itself.

181. Several members had stated that UNDP assistance was not being given in a manner that corresponded to needs and that refugees required special assistance. As the Council was well aware, UNDP was already faced with the problem of inadequate resources and was not in a position to take any special action. UNHCR was the body with special responsibility for refugees and there had been several contacts between UNDP and the High Commissioner, who had recently launched an appeal for refugees in the former Portuguese colonies. Action was under way to assist those refugees and, if the Council allocated resources, the UNDP Administration would organize an integrated programme together with UNHCR and the new Governments of Mozambique, Angola and Guinea-Bissau. The problem of refugees was not just that of settling them; room had to be found for them in their new countries. As he had said at the nineteenth session, it was a bigger task than UNDP and UNHCR could handle on their own and it would require goodwill by all parties if constructive work was to be achieved. The Council would of course be aware that IPFs were calculated on the criteria presented to it and not on special refugee situations. Nevertheless, he assured the Council that when it considered the IPFs for the period 1977-1981, additional criteria would be submitted covering territories which were on the point of reaching independence and which would have special needs and deserve increased IPFs. Any proposal from the Council on that subject would be most helpful.

182. Referring to the remarks made by an observer and a number of members of the Council on the question of the implementation of the programme, he assured the Council that the Administration was deeply concerned with the question and was aware that implementation was perhaps more important for liberation movements than for Member States. UNDP had established a Lusaka Office with special responsibility for co-operation with liberation movements and there was a small staff at its headquarters in New York assigned to deal with liberation movements. Two officials in his Division were spending most of their time dealing with liberation movements and it was possible that one or two more experts could be similarly assigned. He reminded the Council, however, that the responsibility for implementation lay not only with UNDP but also with the specialized agencies, whose task was to deliver the substance of programmes approved by UNDP.

Question of United Nations terminology

183. During the consideration of the Council's decision concerning assistance to colonial countries and peoples, the use of the term "French Territory of the Afars and Issas" as again raised. In response to a query, the Council was informed of the relevant United Nations nomenclature. The current United Nations instruction stated that the territory formerly known as French Somaliland should, at the request of the Administering Power, be designated as French Territory of the Afars and the Issas in all documents except where the speaker or author had used

different terminology. In practice, the Special Committee in its reports continued to use the former terminology with a foot-note reference to the new ruling, and the term French Somaliland had also been used in decisions of the General Assembly.

184. The representative of Somalia stated that, with a view to avoiding a division in the Council on the adoption of its decision, and in a spirit of compromise, he would accept the deletion of a final paragraph in the draft decision whereby the Council would decide "to use the same nomenclature as that used by the General Assembly when referring to colonial countries and peoples". He also requested that the Somali position be recorded in the report in connexion with the decision taken by the Governing Council (see para. 187 below): namely, that Somalia strongly protested the continuous utilization by UNDP of the tribal names invented by the French colonial mentality when referring to French Somaliland. It was Somalia's earnest hope that the Administration would henceforth follow the practice of the General Assembly, under whose authority UNDP fell, when referring to that territory.

185. The observer from Ethiopia rejected the statement by the representative of Somalia in its entirety.

186. Following the adoption of the decision, the representative of France expressed reservations concerning the text, which dealt with legal and political questions outside the competence of UNDP. She recalled that the French Territory of the Afars and the Issas had on a number of occasions indicated its wish to remain associated with France and that the French Territory of the Comoros was reaching the end of its progress towards independence.

Decision of the Governing Council

187. At its 490th meeting, the Governing Council:

(a) Took note with appreciation of the information provided by the UNDP Regional Director for Africa concerning the development of co-operation between UNDP and the African liberation movements recognized by the Organization of African Unity (OAU) and concerning the collaboration established between UNDP and the transitional Governments formed in a number of African countries that were about to become independent;

(b) Was gratified to note the conclusion and signature of the Agreement of Co-operation between UNDP and OAU;

(c) Took note with appreciation of the statement made by the United Nations Commissioner for Namibia concerning the desirable level of co-operation that must be developed between UNDP on the one hand and the United Nations Council for Namibia, the United Nations Commissioner for Namibia and the South West Africa People's Organization (SWAPO), the liberation movement recognized by OAU and the United Nations as the sole authentic representative of the Namibian people, on the other hand;

(d) Took note further of the statements made by members of the Council and by the representatives of OAU and of the liberation movements who had participated in the debate;

(e) Considered that UNDP should continue to support actively the humanitarian programmes of the African liberation movements recognized by OAU;

(f) Approved the recommendations made by the Administrator in document DP/128/Add.1 concerning the establishment of the indicative planning figures (IPFs) for Angola, the Cape Verde Islands, Guinea-Bissau, Mozambique, Namibia and São Tomé and Príncipe for the current programming cycle and concerning the increase of the undistributed IPF relating to certain African territories;

(g) Recommended that the Administrator should, taking into consideration the views expressed by members of the Governing Council, revise his proposed IPFs relating to those countries by using a high coefficient for the supplementary criteria and also giving additional weight to the very special problems facing those countries by reason of the circumstances of their decolonization;

(h) Authorized the Administrator to apply the various clauses of General Assembly resolution 3295 (XXIX) on the question of Namibia which dealt with the action to be undertaken by the organizations in the United Nations system;

(i) Recommended in particular that the Administrator should co-operate closely with the United Nations Council for Namibia, the United Nations Commissioner for Namibia and all other bodies to be created by the United Nations or by OAU in favour of Namibia, and with SWAPO, in order that the assistance granted by UNDP to the people of Namibia should be as effective and realistic as possible;

(j) Requested the Administrator, in co-operation with other sources of financing, to accord to the Institute for Namibia all the support necessary for the achievement of its objectives;

(k) Further requested the Administrator to increase the Programme's humanitarian assistance to African liberation movements recognized by OAU in connexion with those colonial countries still struggling for their independence;

(l) Appealed to Member States to strengthen the action of UNDP on behalf of the colonial countries and peoples of Africa and their liberation movements recognized by OAU, by providing additional resources to the Fund established for this purpose or by increasing the general resources of UNDP in order to facilitate the discharge of its obligations in this respect;

(m) Requested the Administrator to report to the Council at its twenty-first session on the progress of the UNDP programme of assistance for the colonial countries and peoples, in particular on the collaboration between UNDP and the African liberation movements recognized by OAU.

F. REPORT ON THE DROUGHT-STRICKEN AREA
OF AFRICA AND ADJACENT AREAS

188. Introducing item 3 (e) of the agenda of the Governing Council, the Assistant Administrator and Regional Director for Africa made an oral report which focused on three principal points, namely: (a) developments in the various drought-stricken countries; (b) measures taken to assist those countries; and (c) co-ordination between UNDP and other sources of assistance.

189. He observed with respect to the Sahelian countries generally that rain had begun in those countries but the degree of improvement during the forthcoming season would not be known before the end of September or, in certain cases, before November. The situation varied from country to country and even from one part of the same country to another. Mauritania continued to be particularly vulnerable, while in Chad, despite heavier rainfall in 1974 than in 1973, there had been a poor harvest and even no harvest at all in certain areas.

190. In most of the Sahelian countries, including Mali, Senegal, Mauritania and the Niger, pests had appeared with increased rainfall, threatening the young shoots and the harvest.

191. The situation had improved in certain parts of Ethiopia but had deteriorated in others. The Government Relief Commission had set up about 10 relief centres in the Ogaden, where 40,000 persons were assembled, but famine or disease had plagued the centres and it seemed that some 20 to 30 persons, mainly children, were dying daily. The Commission had recently revised the estimate of food aid required for the first six months of the year from 90,000 to 250,000 pounds.

192. In Somalia, a recent decline in the proportion of children to adults in the relief centres indicated an apparently deteriorating situation. The May rainfall was expected to bring about an improvement but it was too early to assess the real prospects.

193. In the Sudan, where the situation on the whole had been less serious, the main problem consisted of refugees from neighbouring countries, particularly Chad, and insufficiency of resources in the refugee areas had led to overgrazing.

194. The seriousness of the situation was now better understood in the Cape Verde Islands. In one of the islands that used to be an exporter of maize to other islands, local food production had ceased and 80 per cent of the cattle had perished. In another island, sugar cane and maize production had fallen by 30 and 70 per cent respectively.

195. The situation remained critical in the northern areas of Democratic Yemen, which still suffered from insufficient rainfall, and in the north-east area of Uganda, where the dry season, which normally lasted from November to March, had recently spanned the period from early October to late April.

196. In contrast to the lack of rainfall in some countries, Burundi and Rwanda had suffered from floods, as had Mozambique, which had had floods in the Beira region together with a small drought in the extreme north.

197. In conclusion, the Assistant Administrator felt that the situation on the whole had tended to improve, but remained particularly serious in Ethiopia and

Somalia. However, the improvements observed in the countries classified as the most seriously affected (DP/88), notably the Sahelian countries, did not indicate conclusively that the drought was really over. Disasters were therefore still to be feared.

198. The Assistant Administrator drew attention to Economic and Social Council resolutions 1916 (LVIII), 1917 (LVIII), and 1918 (LVIII), calling for continuing assistance to the drought-stricken areas of Somalia, Ethiopia and the Sudano-Sahelian region respectively. Referring to the steps taken by UNDP since January 1975 to benefit the Sahelian countries, Ethiopia, Somalia, Sudan and the Cape Verde Islands, he said that it had been possible to consider the drought-stricken countries as eligible for assistance under the terms of section X of General Assembly resolution 3202 (S-VI), concerning assistance to the countries most seriously affected by the world economic crisis.

199. Since the Council's last decision, UNDP action with regard to the Sahelian countries had been most noteworthy at the regional level and in relation to medium- and long-term solutions to drought problems. The Assistant Administrator provided details of relevant UNDP activities. External aid sources continued to provide valuable assistance to the drought-stricken countries and adjacent areas.

200. The Economic and Social Council had requested the Secretary-General to co-ordinate the assistance given by the United Nations system and UNDP was co-operating closely with the Under-Secretary-General for Political and General Assembly Affairs in that regard. In pursuance of relevant General Assembly and Economic and Social Council resolutions, the Secretary-General had decided, after consultation with the Co-ordinator of the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS), to transfer to Ouagadougou in Upper Volta the main responsibilities of the United Nations Sahelian Office (UNSO), maintaining a liaison office in New York. The latter had immediately established close contact with CILSS and all United Nations bodies in the Sahel. A complete examination had been undertaken of the projects under the programme adopted by the Heads of State of the Sahel in 1973 to identify those still requiring execution. With regard to national projects, UNSO was working closely with resident representatives.

201. CILSS and the Governments concerned had requested the United Nations to mobilize the \$US 150 million required for the financing of 52 projects thus identified in various sectors, and the Secretary-General had invited potential donors to a meeting at Geneva on 1 July 1975. He had also requested organizations in the United Nations system to meet at Geneva on 27 June to discuss the future activities of UNSO, the meeting of prospective donors and the operational aspects of United Nations action in which existing UNDP and United Nations systems would be employed, with UNSO carrying out supervisory functions. It was envisaged that UNDP would be entrusted with the responsibility of managing the funds that the Secretary-General might raise for the financing of those projects. When ongoing negotiations between UNSO and UNDP were concluded, the Council would be informed.

202. In the case of countries other than those of the Sahel, co-ordination was achieved at the country level and resident representatives were closely associated with the action taken by the national Government concerned.

Summary of discussion

203. Members of the Council who participated in the discussion unanimously congratulated the Assistant Administrator on his comprehensive, concise and helpful report. Expressions of sympathy were voiced for the victims of the drought and tributes were paid to their heroic efforts in helping themselves and combating the forces of nature.

204. Representatives of affected members in turn expressed appreciation for UNDP assistance and all other international assistance, direct or indirect, material or moral. One of the affected members drew attention to figures on gross national product which showed that the situation of the affected countries, far from improving, seemed to be worsening, thus continuing to be a subject of grave concern. The view was expressed that international assistance should continue and be intensified during the period of reconstruction, particularly for the agricultural sector. One member outlined in some detail ongoing projects in its territory and mentioned another Government which had placed itself in a position to participate in the financing of such projects.

205. A number of members voiced the hope that additional assistance for the drought-stricken areas would be forthcoming. Support was expressed for the existing mechanisms of assistance and co-ordination of such assistance. The problem called for the mobilization of mankind's best scientific and technological talent, and consideration should be given to the adoption of medium-term and long-term measures. Some members mentioned examples of specific measures that could easily be taken in that regard.

206. A number of members expressed their gratification at being able to play a constructive role in assisting the drought-stricken areas through international systems of assistance as well as through bilateral aid programmes. Some of them cited instances and details of the measures they had taken through bilateral and multilateral channels of assistance to assist the drought-stricken areas.

Observations of the Administration

207. At the conclusion of the discussion, the Assistant Administrator reiterated the determination of UNDP to do everything within its means to assist the victims in the drought-stricken areas.

Decision of the Governing Council

208. At its 490th meeting, the Governing Council:

(a) Recalled the decisions taken at its nineteenth session on assistance to drought-stricken areas in Africa and adjacent areas and on Somalia; 10/

(b) Noted Economic and Social Council resolutions 1916 (LVIII), 1917 (LVIII) and 1918 (LVIII) on the drought in Somalia, Ethiopia and the Sudano-Sahelian region respectively;

10/ Ibid., paras. 210 and 222.

(c) Noted with appreciation the oral report of the Assistant Administrator and Regional Director for Africa on the drought-stricken areas;

(d) Expressed concern that the situation in most regions affected by the drought, particularly in Ethiopia and Somalia, remained grave and that the economic situation was deteriorating fearfully;

(e) Requested the Administrator to accelerate, in co-operation with the Governments of the countries concerned as well as with the competent organizations and programmes of the United Nations system, the preparation and implementation of programmes and projects designed to rehabilitate the economies of the affected countries;

(f) Recognized that increased assistance to areas affected directly or indirectly by the drought was required and invited Governments to keep those urgent needs in mind in their financial and other support, bilaterally and multilaterally, for emergency, and rehabilitation programmes of assistance to countries affected by the drought;

(g) Requested the Administrator to keep the matter under constant review and to report to the Council at its twenty-first session.

CHAPTER IV

UNITED NATIONS VOLUNTEERS

209. Opening the discussion on the United Nations Volunteers (UNV) programme, included under agenda item 3 (a), the Co-ordinator informed the Governing Council that UNV had in the course of the year made significant progress in increasing the over-all number of volunteer placements, streamlining its administration and introducing standardized terms and conditions of service for UNV.

210. The Co-ordinator referred to chapter IV, section F, of the report of the Administrator for 1974 (DP/111) and document DP/GC/XX/CRP.1, which reflected the attainments of the programme. A total of 250 volunteers were currently assigned to 41 developing countries. About 40 per cent of those volunteers were recruited from developing countries and that proportion was expected to increase to 50 per cent by the end of the year. At the same time, in accordance with the wish expressed by the Governing Council at previous sessions, the number of volunteers serving in the least developed countries had increased from 30 per cent to 50 per cent in the course of the preceding 12 months. The growing size of UNV contingents had also become manifest in several countries, thus making it easier to obtain volunteer support.

211. The Co-ordinator commented on the high level of competence of volunteers. One third of the total volunteers were engaged in agriculture and natural resources sector, while a quarter of the volunteers worked in areas requiring training in economics, statistics, sociology or management; 10 per cent were involved in town planning, urbanization and construction, with smaller groups in communications and audio-visual programming, health and education.

212. He noted that the assumption of direct recruitment by UNV following the conclusion of the contractual arrangement with the International Secretariat for Volunteer Service (ISVS) had resulted in doubling the rate of recruitment and placement. This rate would enable UNV to place approximately 500 volunteers in the field by mid 1976.

213. Referring to the difficulties that continued to face UNV, the Co-ordinator noted that the question of identification of suitable projects for volunteer assignments was receiving serious consideration by UNV and agencies in the United Nations system, since many of the UNDP-financed technical assistance projects were not ideally suited for the assignment of motivated young people. Although the acceptance procedures had been speeded up considerably, the problem did persist in certain countries. Another area demanding further attention was the improvement of training and briefing facilities for volunteers, particularly in terms of language training and in-country orientation in matters pertaining to local culture, traditions and institutions.

214. The Co-ordinator invited the Governing Council's attention to Economic and Social Council resolution 1922 (LVIII), which had been referred to the Governing Council for review with a view to the adoption at the fifty-ninth session of the

Economic and Social Council of the draft resolution contained therein. Under the terms of the draft resolution, UNV would be designated the principal operational unit of the United Nations for the execution of youth programmes. While welcoming the resolution on behalf of the UNDP administration, he observed that under its terms UNV would not become a United Nations Youth Secretariat. The agencies in the United Nations system had an important role to play in the development of youth programmes in their respective sectors and UNV could best develop a role by complementing their endeavours. He referred to a number of pilot projects already initiated by UNV, which were designed to demonstrate the capacity of young people to participate fruitfully in development. UNV expected to expand next year with government agreements in the area of youth and domestic development services, in particular at the national and regional levels.

215. Concerning over-all financing, the Co-ordinator stated that UNV operations were financed from six main sources. Referring specifically to the in-country costs of volunteers for least developed countries, he said that, in accordance with paragraph 62 of document DP/131 and Corr.1, the UNDP Programme Reserve would not continue to meet such costs after the end of the first cycle and an alternative solution was therefore required. At that stage, he favoured the proposal to include a separate budget line providing for about \$2.4 million to finance 400 volunteers in least developed countries during 1977. The other proposal, namely to finance such costs from the countries' IPFs, would lead to a drop in volunteer requests in view of the availability of "associate experts" at no cost to recipient countries.

216. Finally, the Co-ordinator emphasized the need for fresh contributions to the Special Voluntary Fund in view of the heavy claims on it anticipated in the near future. The Fund's resources were becoming inadequate in the light of increasing recruitment from developing countries, the growing size of the programme and the new initiatives in the youth and domestic volunteer field. The draft resolution in Economic and Social Council resolution 1922 (LVIII) had also invited Governments to make specific additional pledges to the Fund for the purpose of financing United Nations youth programmes.

Summary of discussion

217. Several members expressed satisfaction with the progress achieved by UNV in volunteer placements, thus increasing the possibility of attaining the figure of 500 United Nations volunteers in the field by the middle of 1976.

218. It was noted by one member that the total number of volunteer assignments since the programme's inception confirmed that UNV had become a valuable instrument in providing services to developing countries, notably the least developed countries. Certain other members noted that it was particularly encouraging that the proportion of volunteers in the latter group of countries had increased to 50 per cent, from 30 per cent the previous year. One member commended the Co-ordinator's efforts in ensuring that more volunteers were placed in the field in the course of the first six months of the current year than in any previous full year.

219. Some members viewed growing recruitment from developing countries as a positive development. Another member said that he was pleased to note that the

rate of recruitment had doubled since the conclusion of the contractual arrangements with ISVS.

220. One member observed that United Nations volunteer experience in his country confirmed the high level of the contribution made by United Nations volunteers and he accordingly stressed the importance of maintaining the high qualitative aspects of the programme.

221. Commenting on the draft resolution contained in Economic and Social Council resolution 1922 (LVIII), members generally endorsed the recommendation to designate UNV as the principal operational unit of the United Nations for the execution of youth programmes. One member, however, expressed concern about the possibility of duplication with the work of other agencies in the United Nations system in the field of youth activities, which might result from the above Economic and Social Council recommendation.

222. Some members supported the initiative taken by UNV in the field of youth and domestic volunteer services. The pilot project in Iran on sand dune fixation was particularly commended.

223. One member suggested that the UNV should maintain close collaboration with ISVS.

224. The representative of the Netherlands announced his Government's pledge of \$75,000 to the Special Voluntary Fund for 1975. The representative of Canada stated that his Government was studying the possibility of making a contribution.

225. In his statement to the Council, the Secretary-General of the ISVS outlined his organization's close association with UNV in the past, referring particularly to the contribution made by it in the field of recruitment. He further added that ISVS was co-operating with UNV in the field of domestic volunteer services and referred in this context to a regional project in Latin America which was currently being formulated. He affirmed the willingness of ISVS to co-operate with UNV on various aspects of international volunteer service and especially in the field of youth.

Observations of the Administrator

226. In his closing statement, the UNDP Administrator expressed his gratitude to members of the Council for their support. He thanked the Government of the Netherlands for its pledge and for its support of the Special Voluntary Fund.

Decision of the Governing Council

227. At its 475th meeting, the Governing Council took note with appreciation of the relevant section of the report of the Administrator (DP/111, chap. IV, sect. F) and document DP/GC/XX/CRP.1, as also of the observations made during the discussion. It further decided to retransmit to the Economic and Social Council for adoption at its fifty-ninth session the draft resolution contained in Council resolution 1922 (LVIII).

CHAPTER V

PROJECT IMPLEMENTATION

228. In opening the discussion on item 3 (d) of the agenda, the Deputy Administrator (Administrative) noted that the Council had before it two relevant documents, chapter III of the report of the Administrator for 1974 (see DP/111), which included an analysis of the factors affecting implementation, and document DP/112, in which paragraphs 5 to 31 briefly summarized action taken and action to be taken to speed up implementation. He wanted to elaborate on the latter points and bring them up to date.

229. The work of streamlining the Programme's organization was continuing, he said, and most of the changes would be finalized by the end of the year. In September a special working group would review the UNDP reporting and management information system both at headquarters and at the field level in order to adapt it to the new procedures. A number of simplifications should result. All new procedures and instructions were being consolidated into a Policies and Procedures Manual, to be reviewed by the agencies in the United Nations system and issued by year's end. Decentralization was providing the regional bureaux with more time to monitor programme performance in both quantitative and qualitative terms. Special attention was being devoted to monitoring and projecting expenditures on a country-by-country basis. In one case, an expenditure analysis was made for one region to determine the total numbers and kinds of experts required, equipment to be supplied and fellowships to be awarded for all projects. The inventory was then discussed with agencies as a means of pinpointing bottle-necks and taking preventive action in good time. Within UNDP, measures were also being taken to improve the equipment procurement function, and the Council had before it, in paragraphs 32 to 45 of document DP/112, the proposal for a centralized system of equipment purchasing, which the Assistant Administrator (Operations and Procurement) would subsequently present to the Council.

230. The Deputy Administrator noted that over the past 12 months UNDP had worked closely with three of the largest executing agencies, accounting for about half of total field expenditures, to improve their delivery capacities - namely, FAO, UNESCO and the ILO. FAO had taken some encouraging initiatives to streamline the co-ordination of operational activities within its headquarters, and also to delegate greater authority to project managers.

231. The new Director-General of UNESCO had reviewed the operations of his agency and had taken a number of short and long-term measures to streamline project operations. The ILO had undertaken a major reorganization at the start of 1975, and had drafted a handbook for project managers, aimed at decentralization. In that connexion, the ILO had suggested renaming project managers "chief technical advisers", which, UNDP agreed, in most cases was more descriptive of their role.

232. Taken together, the three agencies had moved to speed up delivery by:

- (a) Involving chief technical advisers in preparatory work and the reviewing

of substantive work at agency headquarters and giving them, in most cases, authority to sign project documents;

(b) Involving the same advisers more deeply in the development of specifications to obtain experts, equipment, subcontracts and to provide for fellowships;

(c) Involving them more thoroughly in the hiring of short-term consultants and local staff;

(d) Increasing their authority to purchase equipment locally;

(e) Providing them with more timely information on the status of project operations;

(f) Providing more adequate training and longer-term employment to enable the chief technical adviser to become more of a professional manager.

233. UNDP also stood ready to help recipient Governments overcome implementation problems. Timely and effective delivery depended on three-way co-operation among Governments, agencies and UNDP. UNDP was pursuing ways and means of strengthening co-operation with Governments. It was seeking to hold down the number of international professional staff in the field. It was also increasing the number of projects managed by national directors.

234. As a result of such measures, the Deputy Administrator said, delivery figures for 1975 were estimated at \$360 million in actual costs and for 1976 at about \$400 million. Expenditures for the first four months of 1975 showed an average increase for all agencies of more than 20 per cent over the same period in 1974. Although part of the increase was attributable to increased expert costs, real growth was evident and encouraging. Approval of projects in 1975 also continued to run well ahead of the substantial increase registered in 1974 - up 30 per cent during the first four months. If programme delivery approximated agency estimates, UNDP would spend \$110 million in excess of estimated resources during the first cycle ending in 1976 - which would create a substantial cash deficit at the end of 1976. As was indicated in paragraph 3 of document DP/112, the capability of the Programme to deliver effectively and on time was now less a problem than adequacy of resources.

235. Addressing himself to the issue of the proposed central purchasing office, the Assistant Administrator (Operations and Procurement) said that the idea of a centralized equipment purchasing system had been discussed with the agencies for a number of years. At an interagency meeting of purchasing officers in April 1974, the idea had met with general support in respect of certain very common items, such as motor vehicles and office supplies. Consultants were then employed to explore the idea in detail, and the proposal before the Council was a result of their study.

236. In submitting the proposal, the Administration had also been encouraged by the report of the Group of Experts on the structure of the United Nations system (E/AC.62/9) to the forthcoming special session of the General Assembly and by the successful example of the UNICEF facility at Copenhagen. The proposed UNDP unit would clearly rely on UNICEF, not only for guidance but possibly for direct co-operation. The unit, as envisaged, would not run counter to decentralization of

the procurement process, since, wherever possible, it would not restrict local purchases in the field. The unit would be small, would give assistance and advice to the agencies as required and would publish manuals and make studies to speed up deliveries and reduce expenses. The use of overheads to finance the unit would be subject to Governing Council approval and control.

237. The Assistant Administrator went on to say that a moderately staffed central purchasing office should help overcome the existing uneven use of equipment suppliers, so that certain important contributors could in future receive a more equitable share of purchases made by UNDP. The Programme was expected to gain, as well, through discounts obtained on large-scale purchases of the small number of common items that would be involved in the operation.

Summary of discussion

238. Members commended document DP/112 as a useful, encouraging report, and many expressed their satisfaction with steps taken by the Administration to speed up delivery and with the results achieved. Some members cautioned, however, that much by way of improvement remained to be done. There was some evidence that inflation counted for a good part of the increase in expenditures. Moreover, there was still a serious lag in the use of funds, particularly in certain recipient countries. Additional measures would be needed by both executing agencies and Governments. On the other hand, it was evident to many members that the Administration had accomplished a basic turn-around in the implementation problem. Particular improvement was evident in the least developed countries. Signs of increased co-operation with the agencies were also encouraging. The attitude of cautious optimism on the part of the Administration therefore seemed on the whole justified. None the less, one member suggested that the time had come to halt the trend towards a proliferation of all sorts of studies and to allow the Administration to devote its full attention to action in the field, where its real task lay.

239. For a number of members, quality of delivery was no less important a consideration than speed. It was the task of UNDP, as one member expressed it, to set the standard for quality in technical co-operation. Another member sought assurance that such quality was not being sacrificed as a result of the new procedures. Had the Administration conducted an evaluation of them? What measures had been taken to remedy the quality of experts? A number of members endorsed the need for improved programme evaluation, and several welcomed the Administrator's intention to strengthen the UNDP evaluation apparatus. The transition to programming of outputs, one member said, would clearly require a substantially improved system of project design, permitting in-depth evaluation. In that connexion, tripartite reviews of projects, which were proving so effective, should eventually shift the focus of their concern from inputs to results.

240. Many members commented on the problems posed in the timely recruitment of experts. As the major factor in project delays, it was important that the executing agency doing the recruiting be specified at an early date. In that respect, it was hoped that agencies could get an early understanding of their future needs from the recently introduced country programme management plan. It was also important that Governments be given the opportunity for early review of expert candidates. One member stated that the host Government was provided with

too little information in that regard. Another made the point that Governments should be involved in the selection of experts from the start, that they should be given the opportunity to interview expert candidates and that the mere provision of curriculum vitae was not enough. Various members urged the increased use of local experts where possible. They were subject to speedy appointment, imposed less of a drain on overheads and were sympathetic to the needs, attitudes and conditions of the country concerned. One member urged a pilot project to recruit such experts, experimentally. Another asked whether serious thought had been given to a central expert recruitment office similar to the central procurement office being proposed for equipment. Such an office could recruit certain "standard project personnel" as a centralized function, he said. In that connexion, also, a number of members voiced their objection to the proposed change in terminology from "project manager" to "chief technical adviser". The latter term struck several members as inappropriate to the responsibilities involved.

241. In the view of yet another member, the provision of experts must increasingly become a matter of the training of national experts. UNDP should therefore devote serious attention to ways and means of securing such training. Other members noted that the ability to provide national staff, generally, depended on a strong fellowship programme. Several called on Governments to provide more opportunities and facilities in this regard. One member suggested that the numbers of trainees and fellowships in the Programme could be substantially increased if an intensive language course were offered in advance of the specialized training.

242. A number of members supported the use of subcontracts and short-term consultancies as an effective means of speeding up delivery. One member made the point, however, that his Government, as a Programme recipient, wanted to be intensively involved in the choice of such consultants. He suggested that a register of consulting firms be compiled for the use of all partners in the Programme. Other members expressed various reservations about subcontracting in general, however. One noted that it tended to increase the influence in the Programme of a handful of advanced Western countries. Another indicated that short-term high-level consultants were not an adequate substitute for long-term expertise in the success of projects, and reminded the Council that exceptions too often had a way of becoming the rule.

243. Various members commented on the role of agencies and Governments in the implementation process. Several expressed satisfaction with the evident increase in co-operation between UNDP and the agencies, including the various joint studies undertaken and the parallel decentralization efforts under way. Others urged that those agencies which had not yet done so take the necessary steps for their own reorganization. One member noted that a considerable gain in implementation in 1974 was attributable to the UNDP Projects Execution Division. It was important to stimulate the agencies to improve their actions, he said, but it would be counterproductive if UNDP simply did the job for them. Other members expressed the view that Governments must assume their share of the responsibility for delays in delivery. Their difficulties in providing necessary counterparts, equipment and facilities for projects should be made the subject of a global or regional project, it was suggested. While UNDP should do all it could to help Governments overcome their problems in that respect, it was also evident that their delays in choosing expert candidates could stem from a poor choice in the first place.

244. A wide range of views was expressed by members with respect to the proposed

central procurement office. Some warmly endorsed the concept, explaining that it would speed up implementation, reduce costs and help diversify the Programme's supply base, particularly with regard to developing countries, by giving all suppliers a central point for bidding. Several praised the proposed connexion with UNICEF as an excellent starting point, and one member indicated it would support an even broader mandate for such an office than was being asked. Other members, however, had a number of reservations and objections regarding the proposal. Some said they would support such an office, provided its development was carefully staged over a period of time and the Administration reported periodically to the Council on its operations. Others suggested it be launched experimentally, so that its effectiveness in spreading orders more evenly, in placing more orders within developing countries and in providing administrative economies could be tested. As one member expressed it, one could not appraise the office's merits until it had begun operating, after which the Council could review the idea on the basis of fact and performance.

245. Other members, however, questioned more strongly the probable effect of such an office. They argued that a central purchasing system, however modest in scope, could curtail freedom of choice in the procurement of equipment for projects. They pointed out that specifications, even for standard items of equipment, varied not only from country to country but within countries themselves, and that projects in individual countries might have special requirements, because of the local circumstances, that should not be ironed out to suit a system of uniform and centralized stockpiling. One member wanted to know how countries receiving standard items could be guaranteed spare parts and maintenance materials. Several expressed the view that the most important element lacking in the proposal was the need to increase purchases locally and in other developing countries. Document DP/112 even spoke of a warehouse located in northern Europe, a point far removed from developing country suppliers, who might not find it possible to compete in tenders for bulk purchases owing to their limited production. Other members pointed out the necessity for maintaining unity in project management. Still others observed that the proposal ran counter to the decentralization trend and suggested that a more effective proposal would be to give resident representatives authority for equipment purchasing. Many members were concerned to know how fully the agencies had been consulted on the matter. Some members observed that the proposal for a central purchasing office did not indicate the long-term additional financial burdens to UNDP. A number invited agency representatives, and particularly UNICEF, to present their views.

246. In response to that invitation, representatives of four of the larger agencies spoke on the issue. The representative of FAO said that the proposal posed awkward problems. The principle involved was a good one, but practical considerations were another matter. FAO had already delegated to project managers the authority to purchase equipment up to the value of \$5,000, and was considering raising that figure to \$10,000. It was also seeking maximum flexibility in its purchasing, particularly with respect to suppliers from developing countries. The issue also posed certain communication problems, in his view. Purchase orders were the last item in a long line of negotiations. A central purchasing office might only serve to lengthen that line. Furthermore, less than 40 per cent of FAO purchases could be described as standard. FAO, he said, had agreed to the consultants' study but had not officially seen their final report, and had expressed the desire to discuss it in a proper forum. FAO was also concerned about any diminution of its executive authority.

247. The representative of UNESCO also noted that his agency had not been given the opportunity to discuss the consultants' findings. Its concern was to preserve autonomy and control in its fields of competence. He suggested that an interagency working group, composed of procurement officers, meet regularly, act to identify a list of standard equipment items, identify one agency as responsible for the procurement of each and agree on another list of common suppliers. Such a system would achieve the objectives sought without running counter to decentralization.

248. The representative of WHO said he agreed with much of what his colleagues had said. WHO already used the facilities provided by UNICEF. He would support a centralized purchasing system, provided close contact on the stockpiling of standard items was maintained with the agencies. He reminded members that purchasing was often highly technical and that there was no such thing as a standard project. The representative of the ILO then asked that a final decision on the matter be postponed until the next session of the Governing Council, during which time the agencies could be consulted.

Observations of the Administration

249. In his response to the discussion, the Deputy Administrator (Administrative), referring to the proposal to rename project managers chief technical advisers, said that he would consult further on the matter with the agencies. The trend of the Programme was to increase the number of projects managed by national experts.

250. As to the delays in the recruitment of experts, it was being found increasingly difficult to recruit highly qualified experts for missions of long duration. As a general rule, the number of experts employed on a short-term basis was tending to increase, as was apparent from a comparison of the figures for 1974 with those for 1973. The problem of the recruitment of experts was a difficult one. The best course would seem to be to adopt a very flexible method combining both short-term and long-term assignments of experts with subcontracting, in the light of the nature of the projects involved.

251. The question had been asked whether UNDP had considered establishing a central recruitment office. That did not appear necessary, but there was a register of experts and consultants which might usefully be enlarged and supplemented. He was convinced that in 1976 the Administration would be able to announce appreciable progress by the agencies concerned in increasing the powers entrusted to their field representatives stationed in the various countries.

252. The Assistant Administrator (Operations and Procurement), speaking on the issue of central equipment procurement, said that the need for further deliberations on the matter was obvious. He was willing to consult again with the agencies and return to the Council in January. He also said the Administration would prepare a complete annual report on the UNDP Projects Execution Division.

253. Following the responses by the Administration, two members intervened to request, first, that copies of the consultants' report on central purchasing should be circulated to member Governments and, second, that a decision on the matter should be reached at the next Governing Council session, so that a central procurement office could begin functioning as soon as possible.

Decision of the Governing Council

254. At its 477th meeting the Governing Council:

(a) Took note of the report of the Administrator on project implementation (DP/112) and of the observations and suggestions made during the discussion; and

(b) Requested the Administrator to review the question of centralized purchasing in the light of the discussion at the twentieth session of the Council and, following further consultations with the Executing Agencies, report to the Council at its twenty-first session.

CHAPTER VI

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

255. Under item 4 of its agenda, the Governing Council had before it four country programmes - for Burma, Kenya, Kuwait and Nigeria - as well as two projects (DP/PROJECTS/R.4 and Add.1 and 2) submitted to it for consideration and approval at the twentieth session.

256. During the session, the UNDP Administration informed the Council of a cost-sharing arrangement in connexion with the reconstruction and development activities in the Suez Canal Zone following the Council's approval at its nineteenth session 11/ of a project entitled Master Plan Studies for the Canal Zone (DP/PROJECTS/R.3/Add.4), and a proposed cost-sharing arrangement for development projects in the southern region of the Sudan.

Decision of the Governing Council

257. At its 479th meeting, following a discussion of the individual country programmes and projects and the cost-sharing arrangements brought to its attention, the Governing Council:

I

(a) Approved the proposed UNDP country programmes for Burma, Kenya, Kuwait and Nigeria within the limits of their approved indicative planning figures (IPFs) for 1972-1976 and their illustrative IPFs for 1977-1981 and for the duration of their respective programme periods; and

(b) Authorized the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of those country programmes while ensuring, in accordance with the decision of the Governing Council at its eighteenth session 12/ that expenditures were kept in reasonable conformity with the relevant IPFs and were contained within the financial resources available at any given time.

II

(a) Approved the following projects:

(i) International Maize and Wheat Improvement Centre (CIMMYT): programme for strengthening agricultural economic research in east Africa (GLO/74/009);

11/ Ibid., para. 17.

12/ Ibid., Fifty-seventh Session, Supplement No. 2A, para. 31.

(ii) Programme for the identification and preparation of intercountry feasibility studies and investment projects (REM/74/001); and

(b) Authorized the Administrator to make the appropriate arrangements for the execution of those projects.

258. At the same meeting, the Council indicated its support for the cost-sharing arrangements in connexion with the reconstruction and development activities in the Suez Canal Zone and for the development projects in the southern region of the Sudan.

CHAPTER VII

PROGRAMME RESOURCES AND COSTS OUTLOOK FOR 1977-1981

259. Introducing agenda item 3 (g), the Deputy Administrator (Programme) stated that, with its consideration at the current session of the note by the Administrator on programme resources and the costs outlook for 1977-1981 (DP/131 and Corr.1), the Council was approaching the moment when it would be in a position to take a comprehensive and integrated decision on all aspects of that important question.

260. The decisions that the Council might wish to take at the current session on some of the matters discussed in that document would be part of a sequence of decisions taken by the Council since January 1974. In January 1974, at its seventeenth session, 13/ the Council had accepted the criteria and methodology for the purpose of calculating distributed country IPFs for 1977-1981, as contained in document DP/26. It had decided to adopt final distributed country IPFs at its twenty-first session in January 1976. In July 1974, at its eighteenth session, 14/ the Council had taken similar decisions in regard to the calculation of regional IPFs for 1977-1981, based on document DP/59. In January 1975, at the nineteenth session, the Council had considered some logical extensions of its prior decision on distributed country IPFs for current participants to the cases of (a) undistributed country IPFs and (b) new recipient participants in the Programme. 15/ While no decisions had been taken on those matters, the Council's discussion had reflected an essential identity of views with those indicated by the Administrator in document DP/90.

261. If the Council was to take final decisions on country IPFs and other related matters at its next session in January 1976, as has been contemplated so far, it should carry forward the process of decision-making at the current session; his introductory remarks, therefore, were addressed primarily to an indication of the issues on which decisions by the Council at this session might well be feasible.

262. By far the most important outstanding issue that still required resolution was that of the growth rate of voluntary contributions to be assumed for the next cycle. In January 1975, the Council had invited the Administrator "to consult with Governments with a view to recommending to the twenty-first session in January 1976, taking into consideration all other relevant factors, an over-all average growth rate of resources that may be assumed for planning purposes for 1977-1981 designed to ensure a dynamic growth to UNDP". 16/ Meanwhile, the Administrator had been asked to present at the current session illustrative figures for total resources available for UNDP, assuming over-all average annual growth rates of voluntary contributions of 7.5, 10, 12.5, 15 and 17.5 per cent.

13/ Ibid., Supplement No. 2, para. 77.

14/ Ibid., Supplement No. 2A, para. 47.

15/ Ibid., Fifty-ninth Session, Supplement No. 2, paras. 54, 83 and 84.

16/ Ibid., para. 103.

The calculated resources available ranged, as shown in document DP/131 and Corr.1, table 1, from \$3,000 million to \$4,000 million. Translated into real terms, a 15 per cent assumption of over-all annual growth of voluntary contributions in monetary terms would mean a rate of real growth of the field programme, between the first and second planning cycles, of anywhere from 2 1/2 to 5 1/2 per cent per annum depending on assumptions regarding rates of inflation. If the Administrator was to recommend, and the Council was to adopt, a certain volume of resources for the next cycle at the next session, the discussion at the current session should give him some guidance as to the kind of real growth that was desired for the UNDP co-operative endeavour. In that connexion, the Deputy Administrator explained that he referred to "a volume of resources" rather than a "rate of growth" in voluntary contributions per annum, because the former permitted more precise calculations of IPFs and allowed UNDP, so to speak, to overcome some of the uncertainties in assumptions such as those relating to base year contributions. But whatever resources were assumed for the next cycle had a normative purpose - viz., to express the Council's determination to work towards a certain real rate of growth in the activities of the UNDP. While, in practice, UNDP could only aim at a certain rate of growth in money terms, with some implicit assumptions regarding the rate of inflation, he believed it would be desirable if, as a minimum, the Council were at the current session to narrow the range of assumptions from the prevailing five, ranging from 7.5 to 17.5 per cent growth per annum in money terms, to, say, just two, if not one. He should of course refrain from encroaching on the Council's privilege to decide what those two magic rates of growth should be.

263. A significant source of total UNDP resources was "assessed programme costs". Those were the assessed contributions made by recipient Governments to UNDP to help meet the expenses of a general nature incurred in local currencies in the execution of projects. In the current cycle, such contributions amounted to some \$14 million per annum, or just over 3 1/2 per cent of total resources. As requested by the Council, document DP/131 and Corr.1 gave some further information and alternative suggestions on the matter. It was hoped that a consensus on that question could be reached at the current session of the Council.

264. Also at the Council's request, the Administrator had, in his note, suggested what the 1977-1981 allocation among different major cost categories (e.g. country IPFs, intercountry IPFs, Programme Reserve, etc.) might be (*ibid.*, paras. 22-25), taking into account the view expressed in the Council by many members that 2 per cent of the total resources available for field programmes should be allocated to global projects. A Council decision on the matter along the lines indicated in table 3 of the same document would increase the share of global activities from 1 per cent to 2 per cent of total field programme costs, with very slight corresponding reductions in the share of all other major cost categories of the field programme. In section III of his note, the Administrator had been happy to respond to the Council's request for a special report on the future strategy and directions that might be followed in building on current global project activities in the next cycle. There again, on the related questions of the share of global, interregional, regional and country projects, it was hoped that the Council would be able to reach decisions at the current session.

265. The Administrator was proposing that, in 1977-1981, the Programme Reserve should account for 2.4 per cent of the total of field programme costs. In addition to determining on that as an over-all size, the Council might wish to decide on

some of its future purposes. To facilitate such a decision, a separate report on the Programme Reserve was contained in section IV of the note by the Administrator, in which six issues were considered. First, since a principal feature of the 1977-1981 IPF system was the regularization of the special emphasis on least developed countries, it was clear that the financing of special measures for these countries undertaken in 1973-1976 by the Programme Reserve would not need to be continued into 1977-1981. A decision on that matter should be possible at the current session. Second, a decision was required on whether the Special Industrial Services (SIS) programme should continue to be financed from the Programme Reserve or whether it should be separated from it. The Executive Director of UNIDO and the Administrator of UNDP had recently agreed that they should make arrangements for a joint review of the SIS system and try and arrive at mutually agreed recommendations on the role and financing of SIS in the next cycle. The Administrator hoped to be in a position to make recommendations on that question before the twenty-first session. Third, the Council might wish to decide that, apart from very exceptional circumstances, costs related to investment feasibility studies in 1977-1981 should be borne by the new IPF system. Fourth, the Council might wish to decide that the financing of emergency assistance in cases of natural disasters, etc., should continue as an important element of the Programme Reserve. Fifth, there was the question of the future role of the Programme Reserve in meeting the costs of the United Nations Volunteers. There again, definite recommendations by the Administrator and decisions by the Council would have to await the next session of the Council, but in the meanwhile, any indications of the Council's thinking at the current session would be helpful. Sixth, the Administrator was suggesting a decision that would allow for selective recourse to the Programme Reserve to help finance special studies designed to develop new areas of activities for the Programme and to evaluate present activities.

266. The Deputy Administrator recognized that most, if not all, decisions on resources and their allocation for the next cycle were interrelated so that in the final analysis they could only be taken together. Any step-by-step or sequential approach to such decisions as had already been adopted was, however, useful and indeed inevitable when consensus had to be reached on so many complex issues involving divergent interests. The Administration hoped that, in leading the Council towards more decisions at the current session, it had facilitated the Council's task for the next even more crucial session regarding the question of resources.

Summary of discussion

267. Several members stated that the consideration of the Programme resources and costs outlook for 1977-1981 should be undertaken in the broad context of the forthcoming special session of the General Assembly, the recent discussion on new dimensions for UNDP and the improved implementation experience of the Programme.

268. There was general agreement that resources to be made available for 1977-1981 should be sufficient to allow for a dynamic growth of the Programme. That was essential, giving the growing need of developing countries for technical co-operation assistance. It was stated that the target level of resources, or rate of growth of resources, to be determined to meet those needs should, above all, be a realistic target and should allow for real growth.

269. Some members were hopeful that there would be sufficient resources for the Programme in the future. The various announcements that had been made by individual Governments of intended future contributions, as well as the record of recent high rates of growth of voluntary contributions, were regarded as reason for encouragement. Such contributions to UNDP furthered the cause of multilateral interdependence and, a member stated, were preferable to any tendency to regress into bilateralism. A member stated that, in the current economic situation, the level of contributions had to be seen in the context of the limited over-all resources available to many countries. In the view of several members, despite the general economic situation, the international community had a moral responsibility to further development assistance.

270. It was generally held that, in considering the future over-all level of resources for the Programme, there was absolutely no question of a fixed commitment for individual countries to a specific figure for contributions. The growth of contributions to UNDP in previous years was evidence of the countries' firm belief in the Programme, but those countries could not at the moment make individual commitments as to their specific future contributions. It was a matter for individual Governments alone to determine, at a time appropriate to them. It was recognized that such a requirement, although essential, did create possible uncertainty for a programme such as UNDP, which had to plan its over-all resource position for several years ahead. While most members appreciated the need to fix an over-all target for the Programme's future resources, some were against the establishment of such a target.

271. Several members stated that a principal determinant of the future level of resources would be the extent to which their future allocation would concentrate on helping low income developing countries, e.g., those with a per capita GNP of below \$300.

272. Some members considered that a decision on the future resources of the Programme might be taken at the current session. Other members preferred to await the outcome of the General Assembly's special session and the UNDP Pledging Conference for 1976. Several members recalled the Council's earlier decision inviting the Administrator to recommend a growth rate for resources to the twenty-first session of the Council, in January 1976. ^{17/} To facilitate consideration of the Administrator's recommendation, some members suggested that detailed calculations should be prepared on the basis of one or two alternative rates. Other members considered that it would be insufficient in the economic circumstances that now prevailed and suggested the preparation of calculations based on three or more alternative growth rates.

273. There was a diversity of views concerning which annual growth rates of voluntary contributions might be considered for adoption for 1977-1981. As a cautious approach, allowing for a possible surplus, one member suggested a range of 10 to 12.5 per cent. Other suggestions included 10 to 15 per cent; 12.5 per cent; 12.5 to 15 per cent; and 15 per cent. Several members focused on the target of at least 15 per cent and recalled that such a target was in line with a General Assembly resolution on voluntary contributions to UNDP and corresponded more closely with the actual growth of contributions in the recent past. Some members

^{17/} Ibid.

preferred a 1977-1981 target annual growth rate of 17.5 per cent. One member urged that, if a level of resources was decided upon for UNDP in 1977-1981, then the corresponding growth rate for voluntary contributions should also be given.

274. For most members, a central element in the consideration of a monetary target growth rate for resources in 1977-1981 was the inflationary conditions that were likely over the next several years. Because of varying economic situations, a member urged against unstable projections of inflation; she stated that the current adoption of some anti-inflationary measures might well be successful and that, therefore, the best approach was simply to endeavour, as much as possible, to support the Programme. It was stated that it was difficult to adopt a growth rate in monetary terms and the hope was expressed that that particular rate would work towards a certain growth rate in real terms.

275. Several members preferred to see the level of real delivery behind monetary figures and considered, therefore, that an attempt had to be made to remove the monetary veil. In his report to the Council in January 1976, the Administrator was invited to show the real effects associated with particular levels of total monetary resources. A member urged that the consequences of inflation should be shouldered by those in the capitalist world who were responsible for such conditions. It was stated that whatever monetary growth rate was chosen should take full account of the inflation that was occurring and, because inflation was proceeding at a substantial rate, it was necessary for the growth rate of contributions to UNDP to be at a high monetary level.

276. In considering the assumptions that might be made as to the rate of inflation in 1977-1981, some members viewed the 6 per cent and 9 per cent assumptions used in the note by the Administrator as quite conservative. A member preferred to consider only the 9 per cent assumption. He reminded the Council that, in considering rates of inflation when discussing resources, it was equally important to remember that IPFs corresponding to resource availabilities would be established in current prices, and not in constant values. One member stated that his country might find it hard to work on the assumption of a 9 per cent inflation rate, since inflationary trends in his country were at a significantly lower level. Several members found it useful to review future growth rates in resources on the basis of the two inflation assumptions made in document DP/131 and Corr.1. Several members stressed that on the basis of such assumptions it could well be that monetary growth rates of 7.5 per cent, and even of 10 per cent, would result in negative real growth. Several members stated that, since the 15 per cent monetary growth rate would probably yield a real growth of somewhere between 2.4 and 5.4 per cent per annum, it was necessary to think of a growth rate higher than 15 per cent if dynamic growth was to be assured. Several members strongly favoured the adoption of the 17.5 per cent monetary growth rate and, in that context, some members stated that a 17.5 per cent monetary growth rate would yield a rate of growth in real delivery comparable to that which was implicit for the first planning cycle when the monetary growth rate was 9.6 per cent per annum. One member argued for a significant growth rate in real delivery for UNDP, taking into account the fact that, in the case of many agencies in the United Nations system, the technical co-operation being financed out of regular budgets was being cut significantly in real terms. Other members who were specific in their indications as to the future growth rate of UNDP in real terms mentioned rates of 3 to 4 per cent, and 4 per cent.

277. Some members referred to the fact that one important reason why the product of an inflation rate and a real growth rate in delivery was not equal to the growth rate of voluntary contributions was the absence in 1977-1981 of any assumed carry-forward of unutilized resources. In the current cycle, such a carry-forward from 1971 had permitted a level of delivery in excess of that possible from current resources.

278. It was generally agreed that whatever growth rate of resources was decided on for the 1977-1981 programme should be subject to a so-called mid-term review. One member suggested that perhaps such reviews of the resource picture might be held even more frequently.

279. Members gave attention to issues concerned with the level and the distribution, or so-called burden-sharing, of individual voluntary contributions to the Programme. It was the common view that the Programme operated on the twin principles of voluntarism and universality, with a general moral obligation to support the Programme. As an illustration of that, one member stated that in spite of considerable economic difficulties in his country it was realized that conditions were worse for many developing countries and that, consequently, his Government had announced a 40 per cent increase in its assistance expenditure.

280. Several members interpreted the application of those principles as absolutely forbidding the development of any norms for voluntary contributions by individual countries or groups of countries. Such a development, it was stated, would violate the sovereign right of countries to make their own decisions.

281. Several members explained the important emphasis given in their development assistance programmes to the use of bilateral channels. The use of such channels was considered as important as the use of multilateral channels, including UNDP. One member, for instance, stated that his Government had agreed to maintain its present bilateral to multilateral ratio of 70 to 30, and it was only right for other countries to be able to determine their own ratios.

282. The use of diverse channels for rendering development assistance was stated to be one of several reasons why the chart in document DP/131 and Corr.1 was not helpful. As stated in the foot-note to the chart, a country's voluntary contribution to UNDP was typically only a small part of its total assistance programmes.

283. Several members favoured an improved pattern of burden-sharing of voluntary contributions in order to maintain the dynamism of the Programme. It was stated that, so far, only a few countries had carried the major part of the burden and that it was now necessary to widen the contributions base and so make it more stable. A member stated that paragraphs 13 to 21 of the note by the Administrator might form the basis for a dialogue on the matter. A member stated that, even though contributions to the Programme were fully voluntary, it was a good idea when considering burden-sharing to examine the ratio between the voluntary contributions of a country and its GNP. Several members felt that, with all its limitations, the relationship might be a helpful one. One member stated that, although it was not being suggested that UNDP in the second cycle should replicate the method used in replenishing IDA, some broadly similar effort at burden-sharing would be helpful. She stated that her country could not maintain its past substantial growth rate in contributions to the Programme.

284. Some members hoped that there would be increased contributions from at least three groups of countries: the developed countries; the oil exporting countries; and those recipient countries at the upper end of the GNP scale. One member said that, in considering burden-sharing, attention should be focused on those countries that had caused and benefited from current inflationary trends and from the international monetary situation rather than those that were suffering its consequences and, also, on colonialist and neo-colonialist Powers countries, who should make restitution. Several members emphasized the importance of the concept of net contributions and some recipient countries at the upper end of the per capita GNP scale indicated their intention to move towards net contributor status. One member stated that the concept should allow for voluntary contributions to exceed the IPF, since countries benefited not only from the IPF but also from intercountry projects and overhead expenses. A member stated that, in some cases, it would be appropriate for recipient countries to make voluntary contributions several times the level of their IPF.

285. In the view of some members, countries at the upper end of the income scale should achieve net contributor status, inter alia, by foregoing their IPFs. Other members were strongly against the idea of the foregoing of IPFs, since that would conflict with the idea of the Programme's universality. They did not think it proper that technical co-operation assistance should be denied to some countries in order that others might be helped. In that context, some members underlined the inadequacies of GNP as a measure of economic and social development and stressed their disagreement with some of the criteria referred to during the discussion. One member regretted that, in preparing the final figures on IPFs, it would only be possible to use GNP data for 1973.

286. One member referred to the recent extension of the cost-sharing concept. He considered that the mechanism should be used with restraint and requested that a report on the matter, including details and proposals, should be presented to the twenty-first session of the Council.

287. Several members had difficulties with the chart in document DP/131 and Corr.1. In addition to showing multilateral contributions through UNDP only, rather than contributions through all channels, it gave data only on GNP. First, the GNP data were stated to be unofficial and therefore were of limited use. Further, it was obvious that there were many other variables, in addition to GNP, that had to be taken into account when considering assistance efforts. Some members stressed that, even though some members had asked the Administrator for information of the type given in the chart, the Council as a whole had not requested such material and the request was not reflected in the decision of the Council. The provision of such data did not take account of the majority view expressed in the Council. A member stated that the chart could only be seen as some form of pressure on countries to increase their contributions, which was against the voluntary nature of the Programme. A member stated that the chart lacked the clarity he had hoped for. Some members reiterated the belief that the presentation of such material had to be of some help in the consideration of burden-sharing, and that it was understood that there could only be, at best, a flexible relationship between voluntary contributions and GNP.

288. In considering the future of the assessed programme costs scheme for 1977-1981, the Council agreed that it was a highly controversial subject, on

which many different views were held. Several members were flexible as regards the four options for the future of assessed programme costs presented in the note by the Administrator.

289. Several members insisted on the elimination of assessed programme costs. It was regarded by them as a regressive and compulsory levy on developing countries. The concept had either never been agreed to by them or was considered as no longer valid. The spirit of the new international economic order did not encompass the idea of exacting tribute from developing countries in the way that assessed programme costs did. A number of members pointed out that the developing countries were contributing to the Programme in several other ways. The system of assessed programme costs was stated by some members to involve an indirect cost of foreign exchange to countries that paid such costs. Some members were not worried that the elimination of assessed programme costs might result in a loss of resources to UNDP and it was noted that it would not mean a loss to developing countries. Some members recalled that there were often many difficulties in the collection of such costs and noted that, at the end of 1974, the amount outstanding to UNDP was close to \$13 million. Some noted that the elimination of assessed programme costs would also mean the elimination of waivers and that it would avoid invidious comparisons in the future. Some members considered that the elimination of assessed programme costs could be achieved gradually between then and the end of the second planning cycle.

290. Several members preferred the option of translating assessed programme costs into a wholly voluntary endeavour and regarded that approach as a more flexible one, which was in harmony with the "new dimensions". Several members stated that such so-called costs should be treated as voluntary contributions and should be identified along with all other voluntary contributions being made by developing countries in the furtherance of the Programme.

291. Several members saw merit in maintaining the current assessed programme costs scheme along with the procedures for waivers. Some members saw assessed programme costs as contributing significantly to the over-all resources of the Programme, perhaps as much as \$116 million in 1977-1981. The maintenance of the existing approach was supported because of its relationship to the idea of self-help for developing countries. Some members considered that, as resources increased, there should be further waiving of such costs and that, inter alia, it should be extended to the most seriously affected countries. Some members considered that, through the extension of the system of waivers, the assessed programme costs scheme could be gradually eliminated.

292. Several members favoured still another option, i.e. that of transforming assessed programme costs into a graduated scheme, which would improve equity in assessing costs and would allow for the enhancement of resources. One member referred to the precise details of a possible graduated scheme and considered that its operation would be facilitated if closer attention were given to the problem of collecting such costs. Several members thought that a scheme of graduated assessed programme costs would be a mistake. It would introduce discrimination. It would be inequitable because it would ignore other contributions made by recipient countries. It would involve the use of a GNP measure, which was not regarded as sufficiently indicative of development status.

293. Several members referred to the Administrator's proposals for the allocation in 1977-1981 of total resources available among major cost categories (DP/131 and Corr.1, paras. 22-25) and found them to be generally acceptable. The

principal proposal was for an increase from 1 to 2 per cent of total resources available for field programmes to be allocated to global projects. That proposal had been discussed at previous sessions and was generally agreed to by members of the Council. Some members did not favour such an increase. It was stated that the existing over-programming reported for global projects for the current cycle would, in fact, lead to the expenditure of such first-cycle funds only in the second cycle. Those members did not feel that it was necessary to allocate 2 per cent for global projects in the next cycle.

294. In approving the proposed increase in resources for global projects, several members agreed, also, with the proposal by the Administrator to spread the corresponding modest cut among each of the other major cost categories. Some members indicated that that proposal by the Administrator retained what they regarded as most essential, i.e., the consensus provision that at least 82 per cent of resources available for country and intercountry programming had to be set aside for country activities. Several members were not happy that there had been some diminution in that proposal in the share available for IPFs, and particularly for country IPFs. IPF projects were regarded by some of those members as being closer to the people. Several members, therefore, considered that an increased share for global projects should be either wholly or essentially at the expense of the share allocated to the Programme Reserve. One member favoured a greater allocation being made available for subregional endeavours and stated that many global projects were part of the regular interests of the United Nations agencies.

295. As regards allocations for non-field programme activities, one member considered that the allocation of only 11.5 per cent for UNDP administrative and programme support costs was unrealistic. One member was glad to see that the 14 per cent figure for agency overhead costs was not to be increased in the next cycle, but other members found the figure troubling. Several members considered that the percentage should be reduced.

296. One member referred to the future financing by UNDP of United Nations development advisory teams (UNDATs). He noted that resources were no longer available for the UNDAT based in his country and hoped that UNDP resources could be brought to bear.

297. Several members referred to the criteria for allocation of resources within the major cost category of country projects. Some members were strongly opposed to the use of per capita GNP as a criterion for determination of IPFs, since per capita GNP was often a statistical mirage, which said nothing about income distribution or about the effects of violent price swings of commodities that were important in the country's economy. A member found it meaningless that recipient countries with per capita GNP above \$500 should be treated differently from those below \$500 and, also, he regarded the term "low-income countries" as misleading. He did not favour the use of a ceiling on IPFs. As regards the supplementary criteria used in determining IPFs, one member noted that no account had been taken of the case of developing island economies even though that was the subject of a General Assembly resolution - resolution 3338 (XXIX). A member considered that the situation of countries most seriously affected should now be reflected in IPF criteria. Some members reiterated their support for the previously decided criterion of avoiding any negative changes, in current dollars, in individual country IPFs between 1972-1976 and 1977-1981. One member disagreed with the use of

that criterion, which, he stated, would hurt 46 countries. He stated that because of continuing substantial inflation, during the course of the first two IPF cycles, the real value of IPFs might decline by as much as one half.

298. Regarding the substance of global projects to be approved in the future, several countries expressed appreciation of the special report on the matter contained in document DP/131 and Corr.1 and indicated their full agreement with it.

299. Specifically, as regards future strategy for selecting global projects, several members were heartened by the proposal to link global research and development activities as closely as possible with technical co-operation at both the country and regional levels. One member stressed the need to avoid isolated research and projects of a too-long-term nature. Some members urged that funds for global projects should not be fragmented and that what was worth doing, should be done well. There should not be a wasteful dispersion of limited funds. Also, those projects should be avoided which did not bring concrete benefit to developing countries. UNDP, it was stated, should exploit its unique role as a catalyst. One member stated that his country had considerable experience in the areas covered by global projects and could therefore be of help to UNDP. Another hoped that the same type of planning that was being used for global projects would be extended to interregional and regional projects. One member thought that it would be useful to have the Administrator's views on global projects circulated to Governments for their comments.

300. In considering future directions for global projects, one member agreed that it was useful to use the Consultative Group on International Agricultural Research (CGIAR) as a means of considering the choice of projects. Several members stressed that particular attention should be given through global projects to improving the welfare of low-income groups and rural populations. One member stated that global projects should be involved in the effort to establish technical co-operation among developing countries. Some members emphasized the need for further global projects in the food and agriculture sectors. Other members referred, respectively, to the desirability of further involvement in the priority problems of industry; to the desirability of tackling human tropical diseases; and to giving special attention to projects in the energy sector, such as coal. One member stated that project selection should take account of the outcome of the various world conferences that had been held in recent years.

301. In considering the Administrator's special report on the Programme Reserve in document DP/131 and Corr.1, there was general agreement in the Council that its size in the second planning cycle should be defined in relative rather than in absolute terms. Most members considered that the size proposed by the Administrator, i.e. 2.4 per cent, was quite reasonable. Some members considered it difficult to determine a percentage size at the current session. One member stated that the size of the Programme Reserve might be reduced to 2 per cent, with the remaining 0.4 per cent allocated specifically for United Nations Volunteers (UNV). One member stated that, since it would appear that a number of categories currently in the Programme Reserve would be excluded in the next cycle, the size could be reduced from 2.4 per cent, with correspondingly more allocated to IPFs.

302. There was general agreement with the idea that, in the second cycle, the Programme Reserve should be a true contingency or emergency reserve and, therefore,

currently established categories of expenditure that did not fit into that concept should be shifted into the new equitable IPF structure for 1977-1981. One member stated that the Council now had a welcome opportunity to "clean up" the Programme Reserve. A member stated that, since UNDP was being called upon increasingly to assist in such emergencies, there was a need for adequate capacity to respond to such emergency claims. It was generally agreed that, since one of the principal features of the new IPF system was the regularization of particular efforts to benefit the least developed countries, it would no longer be necessary to use part of the Programme Reserve for special measures for the least developed countries. Similarly, there was general agreement that it would no longer be necessary to finance investment feasibility studies from the Programme Reserve.

303. There was a diversity of views concerning the future financing of SIS projects. Some members considered that SIS should continue to be a charge on the Programme Reserve. The existing scheme had been quite useful and had benefited the developing countries. A member stated that SIS projects were emergency projects and that therefore, in theory, they could not be financed out of the IPF. Several members considered that SIS should not only be maintained, but expanded. Several members stated that, in future, SIS projects should be covered by the IPF system and one member wondered why, in the past, projects in that one economic sector had been favoured by special financing out of the Programme Reserve. Several members were glad to hear from the Deputy Administrator that the Executive Director of UNIDO and the Administrator had recently agreed to make arrangements for a joint review of the SIS system and try and arrive at mutually agreed recommendations on the role and financing of SIS in the next cycle. They looked forward to the report of the Administrator on that review, to be submitted to the twenty-first session, and felt that it would be useful in adopting a decision on the matter at that session. Some members stated that a decision would be facilitated should it become known that UNIDO would have its own new funds available to finance such projects.

304. Several members considered that, in the future, part of the financing of UNV should not be a charge on the Programme Reserve since the enterprise was now too large for the Programme Reserve to handle. There were alternative views as to whether, in future, UNDP financing should be through the IPF system. One member considered that future funding should be by those who used volunteers. One member announced that his Government had recently increased its contribution to UNV by 50 per cent. Several members considered that, for policy and/or financial reasons, it would be better for UNV to have a separate budget line from the general resources of the Programme. However, several members noted that the Administrator would make proposals to the next session of the Council on matters pertaining to UNV and that a decision on the role of the Programme Reserve should await consideration of those proposals. It was recalled that, at the present time, UNV was financed from numerous sources and that there was the further expansion now, resulting from the inclusion of youth programmes into UNV activities.

305. The Council considered the proposal that the Programme Reserve should, where other resources were not available, finance activities designed to develop new areas for the Programme and to evaluate present ones. The proposal would allow for selective recourse to the Programme Reserve for the recruitment of high-level consultants and the mounting of appropriate field missions with the objective of making UNDP less introspective and more innovative than previously. There was

general agreement with that proposal. Some members had doubts about the use of the Programme Reserve for recruiting high-level consultants and considered that their financing should be by those who benefited from their services. Similarly, global studies, they considered, should be financed from funds for global projects. Some members referred to specific new areas that should benefit from that proposal, including improved planning for the second IPF cycle; the strengthening of linkages between global and regional activities; promotional activities related to technical co-operation among developing countries; and selected support for national liberation movements.

Observations of the Administration

306. In his reply to points raised in the discussion of item 3 (g), the Deputy Administrator (Programme) invited the Council to give the Administrator clear indications as to the basis to be used for making further calculations on Programme resources and costs for the next session. In effect, he stated, it was necessary to make some assumption as to the real rate of growth of the Programme and, also, the rate of inflation. He confirmed that, whatever the over-all growth rate for the Programme, growth would be greater for the low-income countries. He appreciated the view that had been expressed to the effect that the target rate of growth of resources to be adopted might be set at a level which might be exceeded, rather than not attained. As regards assessed programme costs, the Deputy Administrator hoped that a consensus could be reached at the current session: otherwise, for future calculations, he would maintain the assumptions used in document DP/131 and Corr.1. If assessed programme costs were to be maintained, he considered that it would be irksome and troublesome to attempt to establish a graduated scheme. He considered that it would not be useful to attempt to pursue equity in every single line of Programme resources and costs. If the existing approach to assessed programme costs was maintained, it would be preferable for the Administrator to have flexibility with regard to waivers. Further, as long as that scheme was maintained, then resources made available from it should be shown as part of voluntary contributions. In considering UNDP administrative and programme support costs, he stated that its percentage could only come down if there was a real growth in the Programme.

307. The Deputy Administrator urged that issues relating to criteria for country IPFs should not be reopened at that point, but that problems relating to developing islands economies and similar situations could be looked at. As regards the criteria of no negative changes in country IPFs between the first and second cycle, the Deputy Administrator confirmed the interpretation that it related to current dollars. He appreciated the agreement on increasing the allocations to global projects to 2 per cent of field programme costs. While recognizing that some marginal cuts in shares would ensue for IPFs, he asked the Council to go along with this proposal. However, depending on future decisions, it might be possible to shift more of the marginal cuts on to the Programme Reserve.

308. The Deputy Administrator noted the Council's agreement to exclude from the Programme Reserve, in the next cycle, projects relating to special measures for the least developed countries and to investment feasibility studies. There had been agreement that the Programme Reserve should be used for meeting emergencies and for missions and evaluation: for the latter category, resources used would be relatively small and their use would be reported to the Council. The

Deputy Administrator understood that resources could be used for missions, research, and seminars designed to promote technical co-operation among developing countries (TCDC) but that finance for TCDC operational projects would not come from the Programme Reserve. As regards SIS and UNV, it was hoped that the Council would adopt decisions thereon at the twenty-first session. For the purpose of calculations on Programme resources and costs for the twenty-first session, those components would be excluded from the Programme Reserve and given a separate budget line. For those calculations, he suggested that the Programme Reserve should account for 2.4 per cent of total field programme costs.

309. The Deputy Administrator welcomed the query regarding cost-sharing. It was an important matter and one that needed to be looked into. The concept had recently been extended by including countries other than the recipient country, and a study on the matter would be made.

310. The Deputy Administrator fully agreed with the sentiment that UNDP should adopt careful criteria for the selection of global projects and that a hard approach should be taken in the selection of such projects. The point had been made that UNDP should help develop certain global projects but transfer their financing to others once they were on a going basis. That was a worrying problem for certain intercountry institutional projects because there was the question of who would take over financing. In an endeavour to meet that problem, it might be found useful for bilaterals to establish a foundation for such financing.

311. Turning to country programmes, the Deputy Administrator agreed with the view that guidelines on country programming should be explicit on the subject of inflation. The same was true with regard to project budgets. Certainly, the use of standard costs militated against the recognition of inflation.

312. There was an undoubted difficulty concerning the future of UNDATs. The Deputy Administrator reminded the Council that UNDP had not been involved in their creation. Experience with UNDATs had been mixed and, therefore, it would be inappropriate to take over their financing generally. However, within the context of available resources, the Administration would look at each case individually. The Deputy Administrator agreed, in principle with the view that paragraph 27 of the 1970 Consensus 18/ would have to be revised if SIS was taken out of the Programme Reserve. Regarding the chart in the Administrator's note, the Deputy Administrator stated that the problems of statistics used in its preparation were well known and appropriate reservations had been clearly stated in the foot-notes to that chart. In response to a request by some members at the previous session, the Administrator had said that he would produce the data, with all their reservations, but he had done so with reluctance and would be happy not to submit such data in the future.

313. After the Governing Council had adopted its decision on programme resources and costs outlook for 1977-1981 (see para. 314 below), some members made observations. One member considered that the decision contained many ambiguities and revealed the Council's inability to come to a complete decision. The major ambiguity related to paragraph (e), which the member considered did not reflect the view of the majority of members of the Council. He considered that the last

18/ See General Assembly resolution 2688 (XXV), annex.

sentence of that paragraph should be deleted. One member added his reservations regarding that paragraph, since it appeared that recipient countries were being compelled to make contributions to the Programme. One member requested that the views that he had expressed on the matter in the Council should be reflected in the report. Another member stated that he favoured the elimination of all discrimination and distortions in the Programme. He considered that paragraph (e) meant that the Programme was moving towards putting all contributions on a normal basis and he looked for a freer participation of developed and developing countries. However, he warned members that it could rightly be viewed as a step forward only if its implementation in no way reduced the self-reliance and partnership concepts that were the hallmarks of the UNDP programme. He asked the Administrator to continue to study the problem and report periodically on it, adding that the Council would in any event revert to the issue covered in paragraph (e) at the mid-term review.

Decision of the Governing Council

314. At its 492nd meeting, the Governing Council adopted the following decision:

The Governing Council,

Having considered the agenda item entitled "Programme resources and costs outlook for 1977-1981",

Recalling the relevant decisions adopted at the seventeenth, eighteenth and nineteenth sessions, 19/

(a) Took note with appreciation of the note submitted by the Administrator (DP/131 and Corr.1) and his comments thereon;

(b) Took note also of the observations made thereon in the Council;

(c) Took note of the hope expressed by many members that an over-all volume of resources corresponding to an average annual growth rate of voluntary contributions of 15 per cent would be an acceptable target for total resources during 1977-1981 so as to ensure a dynamic growth to UNDP;

(d) Took note also of the desire expressed by several members that UNDP should receive substantial support from a larger number of contributors, while taking into account the voluntary character of the Programme;

(e) Recommended that the Administrator invite recipient countries to continue to contribute the funds in local currency previously made available under assessed programme costs as part of their voluntary contribution, bearing in mind the need to maintain the dynamism of the Programme. For purposes of calculating the resources for 1977-1981, an indicative figure of 8 per cent of IPF as modified by the waiver procedures ought to be maintained, subject to a mid-term review;

19/ Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 2, para. 77; *ibid.*, Supplement No. 2A, para. 47; and *ibid.*, Fifty-ninth Session, Supplement No. 2, para. 103.

(f) Agreed that the proposals for the allocation of resources available for 1977-1981 among the major cost categories of the Programme as contained in document DP/131 and Corr.1 were generally acceptable and invited the Administrator to present his conclusions on this matter at the twenty-first session, taking into account the views expressed at the twentieth session;

(g) Requested the Administrator to submit to the Council at its twenty-first session a detailed proposal, taking into account the relevant decisions of the Council at the seventeenth, eighteenth, nineteenth and twentieth sessions and the views expressed in the Council, on (i) the total volume of resources that might be assumed available for planning purposes for 1977-1981, based on the growth rate of resources to be recommended by him in the light of consultations with Governments; and (ii) its allocation among and within the major cost categories of the Programme, including individual country and regional IPFs;

(h) Invited the Administrator to include in his report to the twenty-first session, for illustrative purposes, alternative volumes of resources and their allocation, based on annual growth rates of voluntary contributions of between 11.5 and 17.5 per cent, in order to facilitate the Council's decision on Programme resources and costs for 1977-1981;

(i) Decided that for the 1977-1981 period the Programme Reserve should be used: (i) for financing emergency assistance in cases of natural disasters and to assist in the rehabilitation and reconstruction of stricken areas; and (ii) for the financing of contingencies, including special activities and studies designed to broaden the scope of the Programme, such as assistance for humanitarian purposes to national liberation movements recognized by OAU and promotional activities for technical co-operation among developing countries, if resources were not available elsewhere, and to evaluate current activities;

(j) Invited the Administrator to submit to the twenty-first session proposals on the financing beyond 1976 of SIS projects, taking account of impending consultations between UNIDO and UNDP, and proposals for meeting the UNDP costs of the United Nations Volunteers;

(k) Decided to adopt final planning figures on Programme resources and costs for 1977-1981 at its twenty-first session;

(l) Decided also that those figures should be subject to a mid-term review.

CHAPTER VIII

TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

315. Introducing item 3 (i) of the agenda, the Deputy Administrator indicated to the Council that, in the spirit of the recommendations put forth by the Working Group on Technical Co-operation among Developing Countries (TCDC) (See DP/69), UNDP was becoming ever more actively involved in supporting the developing countries in the identification and utilization of the growing and potential technical capacities for the benefit of other developing countries. He emphasized that an important aspect of the role of UNDP was to serve as a catalyst and promoter of technical capacities in developing countries. To that end, a number of actions had been taken by UNDP following the General Assembly's decision in its resolution 3251 (XXIX). Some of them had been reported on to the Council in document DP/120. A number of further actions for the promotion of the new form of international technical co-operation had been taken by UNDP since document DP/120 had been drafted. Among those actions the Deputy Administrator singled out three for the consideration of the Council.

316. The first one involved the adoption of an agreed programme designed to organize and place in operation the information referral system for the promotion of technical co-operation among developing countries recommended by the Working Group. The proposed system would involve not only UNDP but the whole United Nations development system, as it would take into account the information and knowledge existing in the participating and executing agencies and the regional economic commissions on available technical capacities in the developing countries themselves. The system would be based on the Governments' focal points; they would be asked to prepare and approve the information inputs for the system.

317. The Council was then informed that in pursuit of the catalytic role assigned to UNDP members of the special unit had visited the headquarters of the regional economic commissions to discuss the organization of the regional meetings to promote technical co-operation among developing countries. Members of the special unit had also visited a number of developing countries in Asia, Africa and Latin America to discuss ways and means of promoting the new dimension of technical co-operation and to enlist the views of those Governments on their priority needs for making available their technical capacities for the benefit of other developing countries. A member of the special unit had also participated in the first intergovernmental colloquium on technical co-operation among developing countries organized by the Tunisian Government, with the participation of 32 French-speaking member Governments, and had assisted in the discussions and in the drafting of the final report.

318. Thirdly, the Deputy Administrator informed the Council that, in pursuit of the mandate received from the General Assembly, UNDP had taken a number of steps to give wide publicity to the concept of technical co-operation among developing countries, including a special printing of the final report of the Working Group in Arabic, English, French and Spanish.

319. In relation to the regional and global intergovernmental meetings on technical co-operation among developing countries, the Deputy Administrator assured the Council that no efforts would be spared, within available resources, to organize the proposed regional meetings within the dates recommended by the Governments concerned. He further indicated that member Governments in each region would be consulted on the provisional agenda, taking into account the need to ensure that certain basic items required for the global meetings were suitably covered in each region.

320. Finally, with regard to the financing of the regional meetings, the Deputy Administrator welcomed the flexibility provided under the recommendation of the Budgetary and Finance Committee, since the interregional and global IPFs had been heavily committed. In due course, he indicated, he would have to ask the Council to endorse appropriate measures and adjustments to authorize such excess expenditure under different programme headings, as such measures might turn out to be unavoidable in the over-all interest of the Programme.

Summary of discussion

321. The general concept of technical co-operation among developing countries was discussed in the course of the meeting. According to some members, technical co-operation among developing countries was an integral part of the new economic order; the new form of technical co-operation was also directly related to the "new dimensions" discussed by the Council under agenda item 3(c). Another member felt that technical co-operation among developing countries was part of the new frontier of technical co-operation, while others felt that it was up to the developing countries themselves to shape the form and character of the new form of international co-operation, which, according to the report of the Working Group on Technical Co-operation among Developing Countries (DP/69), was a venture in self-help. Concerning the role of UNDP in the development of the general concept, it was stated that the interpretation of that role should be imaginative and designed to explore new proposals and ideas. Another member felt that UNDP should concentrate on the catalytic role as promoter of technical co-operation among developing countries. One member said that, since extensive propaganda for the final report of the Working Group had been requested, it reiterated its reservations regarding the contents of paragraph 40 of document DP/69 because the contents did not coincide with world reality.

322. Most members noted with satisfaction the documentation submitted for consideration by the Council and, in particular, documents DP/120 and DP/121. Gratification was expressed with the attention given by UNDP to the organization of the information system on the technical capacities available in developing countries. The importance of the information system in the promotion of technical co-operation among developing countries was stressed by a number of members. One member, while noting with satisfaction the development of the information system and indicating that it was ready to do its share in providing the inputs required by the information system, requested information on the timing when the system would be available for comments by the countries concerned. Another member felt that some additional effort was needed to organize and implement the information system.

323. In relation to the organization and operation of the Special Unit within the UNDP secretariat for the promotion of technical co-operation among developing

countries, the progress made since the adoption of General Assembly resolution 3251 (XXIX) was recorded with general satisfaction. One member stressed the need to explore new ways and means to link the Special Unit with the Governments concerned, while another requested that information on accomplishments by the Special Unit be reported to subsequent meetings of the Council.

324. Concerning the wide publicity given to the concept of technical co-operation among developing countries and to the publication of the report of the Working Group, several members expressed their satisfaction and support.

325. Concerning the reports submitted by the regional economic commissions and the participating and executing agencies (DP/117 and Add.1-6), a number of members noted with concern the unevenness of some of the reports. Special concern was recorded by two members on failure of ESCAP to submit a report as requested in paragraph 7 of resolution 3251 (XXIX). On the other hand, portions of the reports of WHO, UNCTAD, the Economic Commission for Africa (ECA) and the Economic Commission for Latin America (ECLA) were noted with satisfaction by some members. In particular the innovative efforts of UNCTAD and ECLA to promote technical co-operation among developing countries were noted with special satisfaction. One member referred to the concentration of the report of the Economic Commission for Western Asia (ECWA) on the listing of financial institutions concerned with technical co-operation, while another member expressed satisfaction with the steps taken by UNIDO in seeking to identify the capacities and needs of developing countries in the field of industrial development. A number of members expressed the desire to receive periodic reports from the regional economic commissions and the participating and executing agencies on the implementation of the recommendations of the Working Group.

326. The attention of members of the Council was also directed to the constraints that restricted the growth of technical co-operation among developing countries. In the view of two members, the absence of a general framework for technical co-operation among developing countries and of clear and satisfactory rules and standards on the utilization of technical capacities in developing countries was an obstacle to be overcome. Other members referred to the lack of financial resources for the new form of international co-operation and suggested that renewed efforts must be made to locate financial means to support technical co-operation among developing countries. One member requested information on the comments made by one agency, in document DP/117, concerning special constraints involving the placement of experts from developing countries. Finally, a number of members considered that the UNDP Administration and the United Nations development system as a whole had failed, as yet, to recognize the importance of technical co-operation among developing countries. In that connexion, one member felt that UNDP should find ways to assign higher priorities to TCDC projects, while another suggested that increased efforts should be made to promote the concept and to stress the importance of the new form of technical co-operation. One member felt that preferential treatment should be given to developing countries in the procurement of inputs for the UNDP-supported projects. The cost of any such system should be borne by a separate budget or fund specially instituted within UNDP for that purpose.

327. There was general agreement in the Council on the importance and significance of the regional meetings and of the global symposia on technical co-operation among developing countries. It was generally felt that those meetings would promote the concept of technical co-operation among developing countries, would

clarify ideas and would contribute to increased awareness of technical co-operation among developing countries. Document DP/121 was generally noted with satisfaction although certain observations were made concerning the dates proposed by the regional economic commissions for these meetings. Some members commented on the financial arrangements to be made to cover the cost of these meetings to UNDP. Concerning dates, it was generally felt that they should be advanced to maintain the impetus associated with the new form of international co-operation, while at the same time ensuring that sufficient time was allotted to ensure adequate technical preparations, at both the national and international levels. A number of members thought that the regional meetings should be completed by the end of 1976, while two members felt that, if possible, they should be completed by an earlier date. It was generally recognized that those meetings should be held as soon as practicable and that adequate authority and flexibility should be given to the Administration to ensure adequate preparation for the meetings and their ultimate success. Concerning financial arrangements to cover the cost of the meetings, one member felt that both regional and global meetings should be financed entirely by the United Nations since that was the intent of the General Assembly when it adopted resolution 3251 (XXIX). Another member felt that, whatever their origin, the meetings should be financed from sources other than country and regional IPFs. Concerning the organization of the regional meetings, one member suggested that the heads of the focal points in the regional economic commissions should be invited to participate in the regional meetings to be held in the other regional economic commissions, so as to ensure maximum co-ordination and provide key staff with increased awareness of the possibilities of technical co-operation among developing countries in other regions. Concerning participation in regional meetings, one member raised the question of which meeting his country would be invited to attend, considering that the meetings were being organized on the basis of membership in regional economic commissions, to which his country did not belong.

328. Members of the Council made a number of valuable suggestions concerning the development of technical co-operation among developing countries and the role of UNDP in promoting the new form of international co-operation. Some members noted with appreciation the decision of a number of developing countries to engage in the so-called third-country schemes and further noted their desire to expand the coverage of those schemes to other activities and to extend them to other developing countries. One member was encouraged by that development but felt that more such schemes should be arranged through the Special Unit in UNDP which had been created especially for the promotion of technical co-operation among the developing countries. Another member felt that a number of regional and interregional organizations were actively engaged in the promotion of technical co-operation in the developing countries and stressed the importance of establishing links between the Special Unit and those schemes and organizations. Another member felt in that connexion that it would be important for the Special Unit to establish direct contacts with its own Government to organize technical co-operation schemes in favour of the national liberation movements. Members of the Council felt that there was a need for improved co-ordination in relation to the promotion of technical co-operation among developing countries both within UNDP and in relation to the regional economic commissions and the participating and executing agencies. In particular, the information contained in paragraph 5 of document DP/120 concerning the systematic review of regional projects with the regional bureau concerned was highly praised. At the same time, it was requested that the UNDP regional bureaux and the resident representatives should give full and active support to the Special Unit in its efforts to promote technical co-operation among developing countries.

329. In the course of the discussions, a number of additional suggestions were made to guide the work of the Special Unit and to facilitate the implementation of the recommendations of the Working Group. In relation to the former it was suggested that the Special Unit should prepare manuals on the administrative and institutional framework required by Government focal points of developing countries to organize and promote technical co-operation among developing countries. Other suggestions were made concerning the need for UNDP to give higher priority to projects involving technical co-operation among developing countries and to increase the interregional IPF to finance technical co-operation among developing countries.

Observations of the Administration

330. In replying to points raised in the discussion, the Deputy Administrator (Programme) expressed his appreciation of the constructive and favourable level of the statements in the debate and reassured members of the great importance attached by the Administration to technical co-operation among developing countries.

331. The Deputy Administrator responded to a number of questions that had been raised on the timing of regional meetings and offered to take them into consideration in the discussions to be held with the regional economic commissions. He expressed satisfaction with the growth of third-country technical assistance schemes as a manner of untying that form of international co-operation. Concerning the establishment of criteria and guidelines for technical co-operation among developing countries, he indicated the difficulties involved in arriving at clear and simple definitions based exclusively on the origin of the inputs involved.

Decision of the Governing Council

332. At its 491st meeting, the Governing Council:

- (a) Took note of documents DP/117 and Add.1-6, DP/120 and DP/121;
- (b) Requested all countries, while commending those which were already doing so, to provide financial support for technical co-operation among developing countries (TCDC) activities;
- (c) Reiterated the invitation of the General Assembly in its resolution 3251 (XXIX), addressed to the regional economic commissions and to the participating and executing agencies, to carry out the measures contained in the recommendations addressed to them in the report of the Working Group on Technical Co-operation among Developing Countries (DP/69) and to give full support to member States and to UNDP, in its central promotional and co-ordinatory role for TCDC for the implementation as appropriate, of those recommendations;
- (d) Requested the regional economic commissions and participating and executing agencies to co-operate with the Secretary-General in order to enable him to prepare a progress report on the measures taken by them pursuant to the request contained in resolution 3251 (XXIX);

(e) Invited the Administrator to broaden and intensify the efforts undertaken in implementation of the recommendations of the Working Group endorsed by the General Assembly in resolution 3251 (XXIX), while taking into account the decision of the eighteenth session of the Governing Council;

(f) Recommended to the Administrator that relevant data in the information system on the capacity and potentialities available in developing countries be submitted to member countries as soon as possible, if possible before the regional meetings;

(g) Further recommended that the Administrator complete the arrangements for holding the four regional meetings in consultation with the Governments and the regional economic commissions concerned by the end of 1976;

(h) Requested the Administrator, in preparing for the regional meetings, to take full account of relevant observations of member States during the discussion under agenda item 3(i) at the twentieth session;

(i) Took note with satisfaction of the offer made by Argentina to serve as host to the global intergovernmental symposium on technical co-operation among developing countries;

(j) Further invited the Administrator to establish links with developing countries as they concerted in schemes of economic and technical co-operation among developing countries;

(k) Reaffirmed the decision contained in paragraph 224 (e) of the report of the Governing Council at its eighteenth session to further review at the twenty-second session the recommendations contained in the report of the Working Group in the light of the experience gained in their implementation.

CHAPTER IX

BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS

333. The Governing Council considered the budgetary, financial and administrative matters before it under item 5 of its agenda on the basis of the reports of its Budgetary and Finance Committee submitted on the following questions:

- (a) Financial outlook of UNDP through 1976 and comprehensive report on financial activities during 1974 (DP/L.300/Add.4);
- (b) Budget estimates for administrative and programme support services for the year 1976 (DP/L.300/Add.5);
- (c) Custodianship of UNDP funds (DP/L.300/Add.3);
- (d) Financial implications of regional meetings and the symposium on technical co-operation among developing countries (DP/L.300/Add.2);
- (e) Excess overhead costs drawn by executing agencies (DP/L.300).

334. Agenda item 5 (b), dealing with audit reports and accounts, was considered both in the Budgetary and Finance Committee and in the Council together with item 6 (f) concerning the administrative budget for 1976 of the United Nations Fund for Population Activities (UNFPA) (see chap. X below).

A. FINANCIAL OUTLOOK THROUGH 1976 AND COMPREHENSIVE REPORT ON FINANCIAL ACTIVITIES DURING 1974

335. Under agenda item 5 (a), the Budgetary and Finance Committee had for review documents DP/130 and Add.1, which contained an updated assessment of the latest resource situation, including a realistic projection of the likely financial results that would have been achieved by the end of the first United Nations Development Co-operation Cycle and a comprehensive report on financial activities during 1974. The report also covered the alternatives for dealing with the deficit in the expert costs variance account, the problems resulting from the accumulation of difficult non-convertible currencies, and the retention and carry-over of unspent Programme Reserve funds, and reviewed the cash flow and liquidity position of UNDP.

336. The Administrator opened the discussion by providing the Committee with his general views on the level of Programme resources and the costs outlook for the first Development Co-operation Cycle, ending in 1976; the continuing effect of worldwide inflation on the resources of the Programme, the general policy followed in preparing the 1976 budget estimates; and his preliminary impressions concerning the comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the custodianship of UNDP funds. All four points had a direct bearing on the use of UNDP resources. The Administrator also informed the Committee that he had presented a new proposal on the subject of excess

overheads drawn by some executing agencies prior to 1972. The new proposal was a result of further consultations with FAO, which had been made possible because of the additional time granted for such consultations by the Council at its nineteenth session. The Administrator stated that he and the Director-General of FAO agreed to the new compromise and hoped that the Committee and the Council would find it possible to endorse the proposal.

337. In his comments on UNDP resources and costs for 1972-1976, the Administrator stressed the need to obtain additional voluntary contributions for UNDP, especially from those countries recently acquiring increased wealth. The Committee was informed by the Administrator that he was continuing his efforts and discussions with the newly affluent countries and hoped to be able to report important results shortly.

338. In view of the extremely tight liquidity situation expected at the end of 1975, and continuing into 1976, Governments were being requested to do their utmost to pay all outstanding pledges and other amounts due to UNDP and, where possible, to advance the payment on their 1975 and 1976 pledges as early in the year as possible.

339. Regarding the utilization of non-convertible currencies contributed to the Programme, the Administrator recalled the special efforts that had been undertaken during the last year and noted that, although utilization of some currencies had increased, he was not optimistic about the possibility of duplicating the same type of special activities in the future. The Committee was being requested to consider the matter and provide policy guidance for the future.

340. The Administrator stated that the 1976 budget estimates had been formulated taking into account the views and comments expressed at the nineteenth session and every effort had been made to contain the level of Administrative expenses; the process of decentralization called for by the 1970 Consensus had been accelerated to its final phase; the role and capability of the resident representative had been further enhanced; the regional bureaux had been reoriented and redirected to emphasize programme management rather than individual project management; and UNDP was continuing to increase its direct execution of projects.

341. Following the Administrator's general statement covering the work programme of the Committee, the Director, Division of Finance, covered in more detail the contents of documents DP/130 and Add.1, on the financial outlook through 1976 and financial activities during 1974. The revised format used for the documents and the reasons for the revision were explained to the Committee and, in addition, the projections members of the Council might expect as at the end of 1976 were reviewed. Details on project approvals through 31 March 1975 as compared with IPFs by region were reviewed for the Committee

342. The alternatives for dealing with the expert costs variance account deficit were restated and the Administrator's proposal to use the net planning surplus for offsetting a part of the deficit was presented to the Committee for consideration.

343. The Committee was requested by the Director, Division of Finance, to give favourable consideration to the Administrator's proposal to retain and roll forward the 1974 unspent balance in the Programme Reserve. It was noted that the present 1975 level of project requests approximated \$16.1 million and 1976 project earmarkings were about \$9.2 million at that stage.

344. Finally, the Director informed the Committee that the unaudited preliminary 1974 financial statements and accounts would be circulated to the Committee for information only and would also be provided to the Committee in the future if so desired.

Summary of discussion in the Committee

345. The representative of the Programme's largest contributor informed the Committee that its contributions for 1974 and 1975 had been limited to \$70.8 million and \$77.9 million, respectively, by its legislative authorities, but that he wished to assure the Administrator that his Government firmly supported UNDP, its objectives and activities. It was hoped that his Government's record would be viewed in the perspective of several years since its financial support had reflected and would continue to reflect the high priority that his country afforded to the problems of an interdependent world. To sustain a high level of support, funds would be requested to permit a significant increase in its 1976 contribution to UNDP.

346. In commenting on the current estimate of resources and Programme costs for 1972-1976, several members drew attention to the projected slippage of \$21.5 million in expenditure as compared with the total of all IPFs for the first programming cycle and expressed concern over that development. Views were expressed that UNDP should intensify implementation efforts so as to ensure that the total approved IPFs were fully utilized. Several members wanted to know whether the estimate of resources for 1972-1976 already took into account the reduced contributions announced by the major contributors for the financial years 1974 and 1975. Others felt that the estimate of resources and Programme costs should be expressed in real terms after eliminating inflationary effects, since that would be more meaningful in the assessment of the level of assistance actually available for developing countries for programming purposes.

347. On the subject of the alternatives for dealing with the deficit in the expert costs variance account and the Administrator's proposal to utilize the net planning surplus to offset a part of the deficit, several members stated that they could reluctantly agree in principle to the Administrator's proposal to use the "net planning surplus" to cover the deficit, since the Administrator had informed the Committee that it would not be possible to produce more information regarding the actual distribution of deficit and therefore any other alternative was bound to be inequitable. Others, however, said they would prefer that the deficit should be charged to the IPFs of the countries concerned, since they felt that to do otherwise would mean shifting a part of the burden to countries with low actual expert costs. Some members preferred a methodology which charged the deficit to each country's IPF in accordance with the number of expert months used by the country. Several members felt that a decision should not be taken at the current session, since the deficit was an estimated one, incurred in only one account, and not an over-all deficit in total expenditures from all sources of the resources currently available to UNDP. Some members felt that additional contributions should be sought to cover the deficit. One member stated that that solution would only be feasible if the contributors did not reduce their contributions to UNDP; otherwise the earmarking of a portion of a pledge destined for UNDP specifically to cover the deficit would not really increase the organization's resources and would only lead to a further proliferation of special purpose funds.

348. One member suggested that, once the problem connected with the past had been settled, the problem should not be allowed to continue for a period of several years in the future. Another member asked for an in-depth study on the desirability of a differentiation in the level of standard costs according to different salary levels of experts. It was felt that a procedure should be devised which dealt with the deficit in the expert variance account promptly after it occurred, preferably on an annual basis, perhaps by apportioning the deficit to IPFs on the basis of the number of expert months used during the year.

349. Following consultations among members of the Committee, a consensus emerged that the Council should consider the question of the use of the standard cost procedure at its twenty-second session, on the basis of a report prepared by the Administrator in consultation with the executing agencies. The report should include a full explanation of how the standard cost system had operated in the past and possible proposals on how it might operate in the future. Members felt that in the interim the so-called net planning surplus should not be utilized except to provide funds for new IPFs. During the consultations, it was suggested that the Administrator work out in detail, in preparing his report, a pattern for dealing with both the so-called net planning surplus and the deficit in the expert variance account in the following manner:

(a) Charge or credit the individual yearly deficits or surplus in the expert variance account to IPFs on the basis of the annual expert months used in projects as provided to the Council in document DP/130/Add.1;

(b) Distribute the so-called net planning surplus, after deducting provision for new IPFs mentioned above, to recipient countries on the basis of the new criteria adopted for establishing 1977-1981 IPFs.

350. Several members suggested that the expert standard cost figure be adjusted upward as of 1 January 1976 and provide for more frequent revisions of the standard costs over the 1977-1981 cycle, with advance indications of standard cost figures together with a proposal regarding the differentiation in the level of standard costs according to different salary levels of experts.

351. The views expressed in the Committee supported the Administrator's request to roll forward the 1974 unspent Programme Reserve funds into 1975. In that regard one member stated that allocations made by the Council from the Programme Reserve for disaster relief projects might be made available for only three years and not indefinitely as was the case now. Thus, any unspent allocations would revert back to the Programme Reserve unless a proposal was approved by the Council extending the availability of the funds.

352. A number of members drew attention to the extremely serious financial situation of UNDP and the tight liquidity position expected by the end of 1975 and extending into 1976. Appeals were echoed that all possible steps should be taken by Governments to eliminate the difficult problem facing the Programme.

353. Several members expressed surprise that the tight liquidity situation had also been related to the currencies of socialist countries. They stressed the fact that they used their national currencies not only to develop their own economies, but also to render vast technical assistance to developing countries. One representative stated that during one UNDP mission to his country there had been agreement about the execution of several interregional projects using its national

currency. Several members stated that the reasons their national currencies were not fully used in the Programme were that not enough experts, goods or services were being obtained from their respective countries and that the Administrator should utilize more flexible arrangements and make a greater effort to use all resources donated to the Programme.

354. However, in commenting upon the question of increased utilization of non-convertible currencies, several members drew attention to the important concepts underlying the Programme, namely that the Programme was voluntary and universally applicable and that all contributions should be fully usable and convertible. In order to provide maximum relevant assistance to developing countries, it was necessary that the Administrator receive requests from recipient countries for projects which could be funded from non-convertible currencies, which, of course, implied that a real need existed for the goods and services that could be paid for in non-convertible currencies. Several members felt that the Administrator should continue in his efforts to utilize the difficult currencies.

355. A few speakers referred to the 1974 annual financial statement and accounts made available to the Committee for information. In view of the size of the document and its late receipt, it was stated that it was not possible to provide useful comments on the information. However, while the report no doubt contained very important and useful data, it should really be reviewed by Governments in their capitals before discussion in the Council. Perhaps in the future, the Administrator could advance the issuance of the report and make it available in languages for its proper consideration. One view was expressed that it would be useful to have the comments of the Advisory Committee on Administrative and Budgetary Questions to assist the Committee in its consideration of the annual financial statement and accounts.

Observations of the Administration in the Committee

356. Responding to the various questions and concerns raised in the Committee, the Director, Division of Finance, stated that, as a result of the lower than projected contributions for 1974 and 1975 announced at the opening of the Committee's meetings by the representative of the Programme's major contributor, the resource projections for the cycle would have to be reduced by \$45 million and the deficit envisaged should be adjusted accordingly. The extremely serious financial situation referred to by the Administrator in paragraph 18 of document DP/130 was now more serious and Governments were urged to respond to the crisis by increasing their pledges to the Programme and paying promptly all outstanding amounts.

357. Members of the Committee were assured that the Administrator had not refused, or considered refusing, any voluntary contribution to the Programme and that he would intensify his efforts to increase the utilization of difficult non-convertible currencies. Although a slippage of \$21.5 million in expenditures compared with IPFs was forecast in document DP/130, the Administrator intended to exert special efforts to encourage the highest possible level of implementation during the remainder of the first United Nations Development Co-operation Cycle and the matter would be explained more fully in the plenary meetings.

358. In response to several questions on the modalities applicable to the standard costs procedures, the Director, Division of Finance, informed the Committee that the standard cost system was used both for project budgeting and also for charging

expert costs to projects included in IPFs. Each executing agency accumulated the actual aggregate cost of experts on their books of account. That information was transmitted to UNDP, where the over-all deficit or surplus in the expert variance account was computed. The advantages of using the standard cost system had been considered by the Council at its nineteenth session on the basis of document DP/87.

359. Replying to several questions directed to apparent differences in the data provided in various tables and annexes in document DP/130, he assured the Committee that any apparent discrepancies were mainly illusory, since some tables were pure planning-type presentations derived from financial statements, whereas other strictly financial statements were prepared according to accepted accounting principles as developed in consultation with the UNDP External Auditors and accordingly reflected those principles. In the future, efforts would be made to avoid the unnecessary duplication of similar financial information in the Council's official documentation.

360. On the subject of the presentation of the question of difficult non-convertible currencies in the context of UNDP's liquidity position, the Committee was assured that no special inferences should be drawn from the fact that the list of currencies contained in document DP/130 was mainly from socialist countries of Eastern Europe. It merely happened that those were the currencies currently giving rise to special difficulties in their utilization.

Decision of the Governing Council

361. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

(a) Took note of documents DP/130 and Add.1, as well as the comments and observations made by members of the Committee thereon and the replies of the Administration;

(b) Decided to retain the new format of reporting Programme resources and Programme costs as contained in table 1 of document DP/130;

(c) Requested the Administrator to review the whole question of the use of the standard cost procedure, in consultation with the executing agencies, and report to the Council at its twenty-second session, including in the report, on the one hand, a full explanation of how the system had operated during the first United Nations Development Co-operation Cycle, possible solutions for off-setting the deficit in the expert variance account in the light of the deliberations of the Budgetary and Finance Committee during the twentieth session of the Governing Council, and on the other hand, proposals for the operation of the standard cost system in the future. It was understood that in the meantime the net planning surplus was not to be utilized except for new IPFs;

(d) Agreed that the unspent balance of \$2.6 million in the Programme Reserve be carried forward from 1974 to 1975;

(e) Noted the tight liquidity position of the Programme; accordingly urged Governments to make substantial increase in their voluntary contributions and appealed to all Governments to ensure the early payment of their annual

contributions as well as the prompt payment of all arrears for other items in order to improve the financial viability and integrity of the Programme;

(f) Requested the Administrator and the executing agencies to intensify efforts to utilize all resources contributed to the Programme and to periodically inform the Governing Council on the progress made or difficulties encountered while at the same time calling upon all contributors to the Programme to co-operate in that endeavour.

B. ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES BUDGET FOR 1976

362. During its consideration of agenda item 5 (c), the Budgetary and Finance Committee had before it the Administrator's budget estimates for administrative and programme support services of UNDP for the year 1976 (DP/125 and Corr.1), his report on the move of the headquarters premises of UNDP to the United Nations Development Corporation building (DP/125/Add.1), and the related comments of ACABQ (DP/134).

363. In introducing the item in the Committee, the Deputy Administrator (Administrative) noted that the Administrator had already effected substantial reductions in the UNDP establishment, resulting in savings of about \$1.3 million annually over the past two financial years, including significant reductions in the number of established posts. While every effort would continue to be made to contain administrative costs wherever feasible, the Administrator did not, however, feel that any further reduction could be made at that time without jeopardizing the productive capabilities of the organization. On the contrary, as the start of the second programming cycle (1977-1981) approached it was felt that minimal incremental additions to the establishment would be necessary, together with the reclassification of a number of posts to the higher level, in order to implement the final phase of decentralizing more responsibility to the field and to strengthen qualitatively the policy formulating staff at headquarters.

364. With respect to the possibility of effecting further reductions in the level of the UNDP budget, the Deputy Administrator informed the Committee that the Administrator was actively considering the possibility of replacing international staff with national staff in a number of field offices, especially in offices in the more developed of the developing countries. At the same time, UNDP was also exploring the possibility of expanding the use of junior professional officers and perhaps also volunteers in some offices.

365. He informed the Committee that despite every effort made to achieve economies, the Administrator felt that he would need an appropriation of \$58.2 million net for 1976. Although the sum requested was \$10.8 million, or 22.8 per cent, over the appropriations of \$47.4 million approved for 1975, he noted that an amount of \$2.1 million, or 4.3 per cent, was attributable to wage and price increases which had been - or were expected to become - effective before the end of 1975. Hence, of the remaining increase in the appropriations requested in 1976, amounting to \$8.7 million, or 18.5 per cent, over the 1975 appropriations of \$47.4 million, an amount of \$0.9 million, or 2 per cent, was attributable to the small expansion of staff and supporting services, while the balance of \$7.8 million, or 15.5 per cent, was attributable mainly to the increased cost of maintaining the level of staff and supporting services, including sectoral field advisers. While the increase in appropriations requested for 1976 might appear at first glance to

be on the high side, he noted that it was simply not possible to ignore the impact of world-wide inflation on the UNDP administrative budget. He stated that, unlike the budgets of other organizations in the United Nations system, which covered only a few locations, the UNDP budget covered the operations of offices in more than 100 locations around the world. Thus, while it might be possible for other organizations in the system with a few field offices to have an inflationary impact on their budgets of 10 to 12 per cent in 1976, it was not possible for UNDP to do the same with its large number of field offices in countries experiencing a much higher rate of inflation.

366. In view of the sizeable provision of \$565,000 to cover the costs of translation and reproduction of the country programmes in all the working languages, the Deputy Administrator stated that the Committee might wish to review the present arrangements with a view to finding an acceptable and more economical alternative to the ones currently in effect.

367. With respect to the presentation of the UNDP budget for future years, the Director, Division of Finance, explained in detail the differences between the proposed format contained in paragraph 44 of document DP/125 and Corr.1 as opposed to the current format. In that connexion, he noted that the outline proposed by the Administrator was compatible with some of the programme budgets in the United Nations system and would reflect the major programme responsibilities existing within UNDP. He also assured the Committee that the new format would not contain less relevant information for decision-making than the current one.

368. As regards the measure of flexibility requested by the Administrator in administering the budget, the Director, Division of Finance, assured the Committee that the proposed amendment of Financial Rule 111.7 (DP/125 and Corr.1, para. 48) would not involve any increase in the budget and that full details would be provided, ex post facto, to the Committee and the Council. He noted that a similar procedure had already been in effect in UNICEF for some time and that UNICEF would have been a better yardstick for comparison than the United Nations, where a number of dissimilar factors were involved. He indicated that the Administrator believed that the flexibility requested would best serve the implementation of the Programme. In any event, the implementation of the flexibility provision requested by the Administrator, if approved by the Governing Council, would be subject to the full scrutiny of the External Auditors as well as the Council. If, after a trial period, the Council was not convinced of its advantages, the authority could always be rescinded.

369. In introducing the subitem on financial implications relating to the move of UNDP headquarters into the new premises in the United Nations Development Corporation building (DP/125/Add.1), the Assistant Administrator (Operations and Procurement) provided the Committee with supplementary information on the elements which were the subject of particular comments by ACABQ in paragraphs 23-27 of its report (DP/134). With regard to the planning by UNDP and its space needs, the Assistant Administrator indicated that the ACABQ comments should perhaps be viewed in the light of the actual circumstances relating to UNDP participation in the planning of floor space in the building. He stated that UNDP had participated, along with the United Nations, in the study and planning for occupying the building space as far back as the end of 1972. However, taking into full consideration the subsequent reorganization through which segments of UNDP had progressed, as well as the additional responsibilities that had been placed upon UNDP by the Governing Council and the General Assembly, it was necessary to ensure that the new premises were tailored to UNDP needs.

370. With regard to carpeting the new space, the Assistant Administrator informed the Committee that the modest investment in carpeting costs was more economical in the long run, since the cleaning costs involved were much lower. He also pointed out that the cost of carpeting was only approximately twice the cost of tiling the floor space, contrary to the understanding of ACABQ that it was approximately four times the cost of tile. In terms of the conditions of service of staff, he felt that it would provide UNDP staff with the proper atmosphere to function more efficiently and effectively. With respect to draperies, he informed the Committee that UNDP was following the United Nations standards, which traditionally provided drapes for offices occupied by senior staff at the level of D-1 and above.

371. The Assistant Administrator also referred to the decision by the Governing Council at its nineteenth session regarding the financing of short-term consultants 20/ and informed the Committee that more time was needed to be able to allow field offices to become aware of the new concept and to allow UNDP to review the use of consultants by resident representatives. The additional time would also be used to consult with the executing agencies concerned. It was therefore suggested that a report on the subject could be submitted to the twenty-first session of the Council.

Summary of discussion in the Committee

372. Most members expressed concern because the level of the budget requested for 1976 was approximately 23 per cent higher than the appropriations approved by the Governing Council for 1975. They were particularly concerned by the fact that the 1976 budget estimates indicated a marked departure from the stability promised by the Administrator in the introduction to his 1975 budget estimates. Several members commented on the fact that administrative cost was increasing faster than programme growth. In that connexion, some members expressed the view that the growth of the administrative budget should be kept to a rate lower than the estimated growth of programme resources likely to be made available to the programme. While members were aware of the fact that inflation and currency fluctuations affected the level of the administrative budget, they questioned whether the Administrator's requests for 16 additional posts and 34 reclassifications were entirely appropriate in the light of those circumstances. Furthermore, some members felt that with the decentralization of responsibilities to field offices, further increases in staff for headquarters were not justified. A few members observed that no explanations were provided in support of the 100 new local-level posts requested. They hoped that that omission would be remedied in future administrative budgets. One member stated that the rate of increase in the administrative budget might have been lower if the Administrator had been prepared to take a more optimistic view concerning the rate by which world-wide inflation would increase by 1976 and further stated that the value of the US dollar, the UNDP unit of account, would appreciate in the future.

20/ See Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2, para. 388.

373. Several members also observed that the reasons why some field offices managed almost identical IPFs with different staffing patterns and different levels of field office costs had not been explained adequately. They felt it would be desirable for the Administrator to examine the matter more closely in order to determine whether a relationship could be established between the level of field office costs, the size of the office and the IPF of the country. One member stated that his Government would prefer a senior agricultural adviser instead of a deputy resident representative, since his country's economy was still largely agricultural.

374. With respect to the level of the estimates requested for the Division of Information, several members expressed their agreement with the view expressed by ACABQ in paragraph 15 of its report (DP/134), and felt that economies could be made through closer co-operation with the United Nations Office of Public Information and the Centre for Economic and Social Information as well as with other organizations in the United Nations system which disseminated information on the development activities of UNDP.

375. Several members also expressed their concern at the high cost of translating country programme documents for the Council, currently estimated at \$140 per page. Some members felt that the current arrangements for providing the country programme documents in all of the UNDP languages should be reviewed so that translation costs could be reduced, and at the same time stressed the need for a new formula aimed at reducing translation costs in all other areas. One member felt that the proposal might be counterproductive, since those documents not only constituted a cornerstone of the over-all development effort but were also used by Governments to assist in the identification of projects suitable for their own bilateral development assistance programmes. Some members offered suggestions as to how UNDP could reduce the per page costs of translating country programme documents and wanted to know whether UNDP had investigated those possibilities.

376. Most members expressed support for the new format proposed for the 1977 budget contained in document DP/125 and Corr.1. In that regard some members felt that the Council should adopt a biennial budget cycle for UNDP, since that might make it possible to achieve greater comparability with the budgets of other United Nations organizations, while at the same time allowing significant savings of time and money for the Secretariat, as the preparation, review and approval of budgets would take place at less frequent intervals.

377. One member stated that he would have been prepared to support a higher budget provision for staff training had that been requested by the Administrator, since staff training was essential for improving the efficiency and competence of staff and ultimately the capacity of the organization to deliver a larger development programme.

378. With respect to the amendment to Financial Rule 111.7 that was before the Committee, a number of members expressed reservations about the Administrator's proposal, since it might allow too much latitude, with the result that the Council would lose control over the administrative budget. While some members felt that a measure of flexibility in the administration of the budget sections was desirable, they did not concur with the proposed amendment as it was presented.

379. One member felt that amending Financial Rule 111.7 as proposed by the Administrator would grant too large a degree of latitude - more than was necessary

to accommodate the impact of currency fluctuations and inflation, since the Administrator could always request the Council to approve additional funds if required. The Administrator's representatives were requested to furnish the Committee with an indication of the amount of transfer authority that might be required under the various sections of the budget.

380. Several members expressed concern over the high cost of moving UNDP offices in New York from the present location to the United Nations Development Corporation premises, and requested information on whether the high costs estimated were due to an increase in UNDP requirements or a change in the costs of renting space in the new building since the decision to move the UNDP offices in New York had been approved by the Council. In that regard, some members also questioned the need to spend funds for carpeting the premises when such funds could, in their view, be more usefully utilized for the benefit of developing countries. In view of the much higher cost of maintenance involved in cleaning tiled floors as compared to carpets, some members felt that it would be much less expensive in the long run to carpet the UNDP premises, despite the higher initial cost involved in the purchase of carpets.

381. Several members expressed the view that the Governing Council should specifically approve the budget estimates for the Projects Execution Division even though the costs of the Division were financed from overheads and had been shown for information purposes only. In that regard, the Administrator was requested, in the light of earlier decisions by the Governing Council, to provide in future budget submissions more detailed information on the activities of the Projects Execution Division, as well as on the use by UNDP of the agency overhead costs reimbursed to it for direct execution of projects.

382. With respect to the information provided on short-term consultants, most members concurred with the suggestion of the Administrator to extend the use of such consultants until the end of 1975 under the existing financing arrangements and requested that a report on the subject be furnished to the twenty-first session of the Council.

383. Regarding the estimates requested for the United Nations Capital Development Fund, one member wanted to know whether the information relating to the projects approved and under implementation contained in the ACABQ report (DP/134) was essentially correct.

Observations of the Administration in the Committee

384. In the light of the comments made in the Committee regarding the level of the 1976 estimates, the Deputy Administrator (Administrative) informed the Committee that the Administrator was prepared to adjust his initial request for 16 new professional posts to 8, to reduce his initial request for 120 locally-recruited field staff to 100 and to postpone 10 of the 23 reclassifications requested initially for headquarters on the understanding that, should the reassessment of UNDP staffing needs indicate that some of the reductions made could not be carried out without impairing the productive capability of the Programme, he would be obliged to report back to the Council and seek restoration of some of the reductions made voluntarily in the Committee by the Administrator. The Deputy Administrator informed the Committee that while it was not possible at

that time to indicate specifically the areas in which the reductions would be made, he would try to give effect to the Committee's wishes by making reductions in the number of additional professional posts from the headquarter's establishment as far as it was possible to do so. He assured the Committee that the Administrator's reassessment of staffing needs would include the redeployment of existing staff to ensure maximum utilization of existing posts.

385. With respect to the differences in the staffing pattern of field offices managing similar IPFs, the Deputy Administrator explained that some of the field offices had regional responsibilities while the other field offices had only country responsibilities. Furthermore, since the conditions under which each field office had to operate varied significantly from one country to another, it was felt that the establishment of a standard staffing pattern directly linked to IPFs might be somewhat arbitrary and would not be in the best interests of the Programme. That did not mean, however, that the Administrator was not seeking to develop the management analysis and information services already in existence. He did, however, caution that improvements that were likely to be achieved would need to be evaluated on a case-by-case basis, with the effect on Programme delivery in mind, rather than on a standard formula that would be applied to each office irrespective of existing local circumstances. In that regard, he informed the Committee that the Management Review and Audit Division of UNDP was in the process of continually reviewing the staffing patterns of each UNDP field office with a view to enhancing the office's efficiency and capacity to ensure the delivery of the projects charged to IPFs.

386. With respect to the rate of increase in future budgets, he indicated it could, to a large extent, depend on the abatement of world-wide inflation, a phenomenon over which UNDP had no control. He also noted that he was hopeful that the rate of increase in future UNDP budgets would taper off as Governments began to take firmer action to control inflation.

387. As regards the cost of translating country programme documents, the Director, Division of Finance, explained that the cost estimates of \$140 per page had been provided by the United Nations linguistic services and were the normal costs for such services as translation, revision, typing, editing and reproduction of country programmes into all the required languages. UNDP did not feel that it should try to establish its own complete language services or to obtain outside contractors directly for such tasks, as had been suggested by some members in the Committee, since that could put on UNDP the onus of ensuring that the translations were made in accordance with established United Nations practice and usage, an area in which the UNDP did not currently have any competence.

388. With regard to the amendment to Financial Rule 111.7 proposed by the Administrator, the Director, Division of Finance, explained that, while it might not have been possible to justify fully the change in the Financial Rule solely on the basis of currency fluctuations and inflation, it was UNDP's assessment that the impact of those factors on the different categories of expenditure was significant even though uneven; thus there was frequently a need to transfer some credits between appropriation sections in order to allow for those factors. He indicated that it was not feasible to identify specifically under which sections of the budget additional credits would be required in 1976, or the amounts needed, since determinations on that point could be made only during the year as difficulties were encountered.

389. The Committee was also requested to recommend to the Council that it agree to the Administrator's amending Financial Rule 111.8 in order to permit the submission of supplementary estimates and the corresponding request for appropriations to any session of the Council should that course of action be necessary.

390. As regards the comments and suggestions concerning the Projects Execution Division, including specifically the proposal that the annual budget estimates of the Division should be approved by the Council, the Assistant Administrator (Operations and Procurement) recalled for the Committee the four basic functions that had been approved for the Division, namely that it should execute the following types of projects:

- (a) Interdisciplinary and multipurpose projects;
- (b) Projects that did not fall within the competence of any individual executing agency;
- (c) Individual projects requiring general management and direction rather than expert sectoral guidance;
- (d) Projects to which UNDP could bring special assistance in the form of particular financing or investment follow-up arrangements.

He then stated that the Administrator whole-heartedly agreed with the Committee that the Council should approve the annual budget of the Projects Execution Division; he assured the Committee that future budgets for the Division would be submitted for approval and that additional information in support of the budget estimates for that activity would be provided.

391. In response to questions raised in respect of the United Nations Capital Development Fund, he confirmed the point raised by one member of the Committee that the information on project approvals contained in document DP/134 was essentially correct and drew attention to the fact that, while the status of project implementation was essentially the same as reported the previous year, that was not a true indicator of the work-load carried by the Secretariat since the details involved in drawing up plans of operation for Fund projects was extremely complex and in order to implement Fund projects, prepare the plans, etc. much more time was required than for the usual UNDP-type project.

392. On the subject of the use of short-term consultants for field offices, he was glad to note that most members of the Committee concurred with the request to extend the Administrator's authority for using such consultants until the end of the year to enable the Administrator to prepare a report for the Council's January 1976 session.

Decision of the Governing Council

393. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having considered the 1976 budget estimates for administrative and programme support services of UNDP (DP/125 and Corr.1), the financial implications resulting

from the relocation of UNDP headquarters premises to the United Nations Development Corporation building (DP/125/Add.1) and the report of the Advisory Committee on Administrative and Budgetary Questions (DP/134), and taking into account the views expressed thereon in the Budgetary and Finance Committee,

(a) Approved the estimates of 1976 requirements for administrative and programme support services of the UNDP submitted in document DP/125 in Corr.1, in a total amount of \$67,844,900 (gross) offset by an estimated income of \$9,841,400 for a total amount of \$58,003,500 (net), taking into consideration the reduction of \$252,700 (net) announced by the Deputy Administrator representing the costs of 8 Professional and 20 locally recruited field posts as well as the postponement of a total of 10 of the 34 reclassifications of posts proposed within the Professional category, comprising the following amounts for each appropriation section:

	<u>\$US</u>
Section 1 - Salaries and wages	40,661,500
Section 2 - Common staff costs	16,722,800
Section 3 - Travel and transportation	1,262,600
Section 4 - Permanent equipment	778,900
Section 5 - Other general expenses	7,437,500
Section 6 - Special expenses	981,600
<u>Total gross</u>	<u>67,844,900</u>
 <u>Less</u>	
Section 7 - Estimated income	9,841,400
<u>Total net</u>	<u><u>58,003,500</u></u>

(b) Agreed that the Administrator shall be authorized to transfer credits between appropriation sections of the 1976 budget, within reasonable limits, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

(c) In order to finance those requirements, authorized an allocation in the amount of \$58,003,500 (net) from the resources of UNDP;

(d) Requested the Administrator to submit a report to the Governing Council at its twenty-first session regarding the reductions in posts referred to in paragraph (a) above, together with information on future staffing requirements;

(e) Approved the proposed format of the budget presentation to be used in submitting the 1977 budget estimates;

(f) Took note of the Administrator's proposal to amend Financial Rule 111.8 as follows /amendment underlined/: "Supplementary estimates, prepared in a form

consistent with the annual budgets, may be submitted by the Administrator to the Governing Council at any session of the Governing Council"; and decided to re-examine the matter at its twenty-first session.

(g) Approved the 1976 estimates for the United Nations Volunteers programme in a total amount of \$963,100 (net) as submitted in section IV A of document DP/125 and Corr.1 and, in order to finance these requirements, authorized an allocation in the amount of \$963,100 (net) from the resources of UNDP;

(h) Approved the 1976 estimates for the secretariat of the United Nations Capital Development Fund in a total amount of \$282,200 (net) as submitted in section IV B of document DP/125 and Corr.1 and, in order to finance those requirements, authorized an allocation in the amount of \$282,200 (net) from the resources of UNDP;

(i) Approved the 1976 estimates for the special unit for co-ordination of technical co-operation among developing countries in a total amount of \$370,000 (net) as submitted in section IV C of document DP/125 and Corr.1 and, in order to finance those requirements, authorized an allocation in the amount of \$370,000 (net) from the resources of UNDP;

(j) Approved the 1976 estimates for the Projects Execution Division in an amount of \$1,128,920 (net) as submitted in section IV D of document DP/125 and Corr.1 to be financed from overheads received on projects executed by UNDP, and requested the Administrator to provide in future budgets more detailed information on the activities of this Division, as well as on the use of agency overhead costs reimbursed to UNDP for the direct execution of projects;

(k) Approved the estimated requirements submitted in document DP/125/Add.1 relating to the transfer of UNDP headquarters to new premises in the United Nations Development Corporation building and installation in the building, under section 6 (special expenses) of the 1975 budget for administrative and programme support services, in a total amount of \$976,300 (net); and, in order to finance those requirements, authorized an allocation in the amount of \$976,300 (net) from the resources of UNDP;

(l) Having noted the information provided orally on the use of short-term consultants, authorized the Administrator to continue to use such consultants until 31 December 1975 and requested the Administrator to submit a report on the matter to the twenty-first session of the Governing Council.

C. CUSTODIANSHIP OF UNDP FUNDS

394. During its consideration of agenda item 5 (d), the Budgetary and Finance Committee had before it a note by the Administrator on the custodianship of UNDP funds (DP/106), a report of the Administrator on the implementation of the recommendations made by the consultants in their study of the control and administration of UNDP funds (DP/106/Add.1), the related report of ACABQ (DP/106/Add.2), as well as a further note by the Administrator providing supplementary information in clarification of the comments contained in the ACABQ report.

395. In introducing the item in the Committee, the Assistant Administrator (Operations and Procurement) stated that there appeared to be a paradox in paragraph 30 of the 1970 Consensus, 21/ in which the Administrator was given full responsibility for utilizing the resources made available to the Programme, but not the authority for the investment of those funds. In that regard, he noted that two successive Administrators of UNDP had expressed the view that UNDP should have full authority for the investment of UNDP resources and two Secretaries-General had concurred with that view. He was therefore unable to understand why ACABQ had recommended a further delay in the transfer of custody in that regard.

396. The Assistant Administrator stated that he wanted to correct any mistaken impression that UNDP was trying to break away from the United Nations and was interested in grabbing more power or independence for itself. On the contrary, he said that UNDP was only interested in ensuring that the resources available at its disposal were managed as effectively as possible for the benefit of its development activities. He further stated that he did not wish to convey the impression that the United Nations was less competent in the investment of funds than UNDP might become if it did its own investing, but he noted that the United Nations was concerned primarily with the long-term investment of moneys from the United Nations Joint Staff Pension Fund, whereas UNDP resources and its needs were for the short-term investment of its funds. In view of the fact that most United Nations concerns were with long-term transactions, he could not see how the United Nations could give first priority to the investment of smaller volume of funds from UNDP.

397. Furthermore, since the United Nations was not involved in assessing the cash flow and currency requirements of UNDP, for example estimating the amounts required by the executing agencies that carried out UNDP funded projects and the needs of the Programme's field offices, where, incidentally, a number of donors to the Programme deposited their contributions, he did not see how the United Nations could formulate the proper short-term investment criteria that would fully respond to the Programme's requirements unless a vast amount of information were provided by UNDP to the United Nations. As the daily cash-flow situation was constantly changing and the Programme's need for different currencies also changed from day to day, the need to communicate such data to the United Nations before the latter could act at all in a UNDP investment or currency transaction meant an unnecessary delay in the movement of funds and thus the loss of considerable investment income. Furthermore, the need to act through an intermediary would raise the probability of errors where communications broke down or were not well understood. For all those reasons he did not feel that the current arrangements were satisfactory, nor did he feel that they were in the best interests of UNDP.

398. The Assistant Administrator recalled that the United Nations Under-Secretary-General for Administration and Management had once stated in an inter-agency meeting that an organization that raised its own resources should have full responsibility for the effective management of those resources. By that definition UNDP qualified, as did UNICEF, which had had for some time the authority both for the investment of its own funds and for the management and control of various currencies.

21/ See General Assembly resolution 2688 (XXV), annex.

399. The Assistant Administrator noted that he appreciated the fact that some members might be somewhat hesitant to take the ultimate decision proposed by the Administrator in that regard because the report of the Group of Experts on the Structure of the United Nations System (E/AC.62/9) was to be discussed at the seventh special session of the General Assembly; he stated, however, that he had read the experts' report carefully and could not see how the proposal for custodianship of UNDP funds would conflict with any of the recommendations made by the experts, even if one assumed that the General Assembly would adopt all of the recommendations as proposed.

Summary of discussion in the Committee

400. One member wanted to know whether the supplementary information provided in the note by the Administrator had also been provided to ACABQ and whether it had commented thereon. Some members were opposed to any further fragmentation of the United Nations system which might be implied if the Administrator's proposal to have custodianship over UNDP funds were approved. That member therefore shared the reservations expressed by ACABQ and preferred to defer a final decision on the question of custodianship for one or two years, by which time it should become clear whether the management recommendations made by the consultants would resolve the problems of communication and co-ordination that appeared to be at the core of the present difficulties.

401. Another member stated that he could not understand why the Committee was reluctant to recommend that the full custodianship of UNDP funds be transferred to the Administrator, particularly in the light of the fact that the Committee had been informed at its nineteenth session that the United Nations Secretary-General had no objection to the transfer (see DP/94). In that regard, he noted that his Government had sent its contribution to the United Nations towards the end of April 1975 and that the receipt received by his Government was dated 8 May 1975. He indicated that he had made informal inquiries regarding the dates when the money was received by the United Nations but was unable to obtain a satisfactory reply because UNDP did not receive copies of bank statements for UNDP funds and therefore did not have the information. He noted that every day of delay in investing his Government's contribution to UNDP, at the 3 per cent interest rate prevailing at that time, meant a loss of interest income amounting to some \$600 per day. He fully shared the view expressed by the Assistant Administrator that one could not rightly place responsibility for use of UNDP resources in the Administrator and place the authority for the investment of the resources in someone else. Accordingly, his Government supported the proposal to transfer custodianship of UNDP funds to the Administrator.

402. Several members stated that while they were not prepared at that time to fully support the Administrator's proposal, they were at the same time conscious of the provisions of paragraph 30 of the Consensus, which entrusted to the Administrator the full responsibility for the management of UNDP funds, and were accordingly proposing a draft decision which would request the Secretary-General to consult the Administrator and delegate to him a sufficient degree of authority to properly fulfil the responsibilities given to him by the Consensus. Their proposal would also request the Administrator to submit a progress report to the Council at its twenty-first session.

403. One member suggested that it would assist the Committee if a representative of the Secretary-General were present for the Committee's discussion in January 1976 and another member felt that the Chairman of ACABQ should also be present when the subject was discussed by the Committee and the Council at the twenty-first session.

404. Several members suggested that there was considerable merit in many of the consultants' recommendations in document DP/106. One member stated that the United Nations Contributions office should not be allowed to be a bottle-neck to the investment of funds and that the United Nations cheque-signing machine should be adjusted to permanent sequential numbering in the interest of internal control.

Decision of the Governing Council

405. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having considered the report of the Administrator on custodianship of UNDP funds (DP/106/Add.1), the team of expert consultants' report on control and administration of UNDP funds (DP/106), the related comments of the Advisory Committee on Administrative and Budgetary Questions (DP/106/Add.2) and the note by the Administrator providing supplementary information in clarification of comments contained in the ACABQ report, and taking into account the views expressed thereon in the Budgetary and Finance Committee,

(a) Reconfirmed the provisions of paragraph 30 of the Consensus contained in General Assembly resolution 2688 (XXV) providing the Secretary-General with the custodianship of UNDP funds;

(b) Requested the Secretary-General to consult with the Administrator with a view to granting to the latter a sufficient delegation of authority to permit him to fulfil properly the responsibilities entrusted to the Administrator in paragraph 30 of the Consensus, particularly his responsibility for the management of the funds of the Programme;

(c) Requested the Administrator to submit a progress report to the Council at its twenty-first session.

D. FINANCIAL IMPLICATIONS OF REGIONAL MEETINGS AND THE SYMPOSIUM ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

406. The Co-ordinator for Technical Co-operation among Developing Countries presented document DP/121, which was prepared in response to the mandate received by UNDP from the General Assembly under resolution 3251 (XXIX) of 13 December 1974. The Co-ordinator indicated that information for the preparation of the document had been obtained from the United Nations (see A/C.5/1634), from its Department of Conference Services and from each of the four regional commissions concerned. He further stated that, in view of the difficulty of providing precise estimates for meetings that were to take place in various locations in the world over an extended period, the figures were to be considered as a general order of magnitude

rather than actual costs. However, the Co-ordinator foresaw no major changes in the estimates and in case such changes did occur he indicated that additional information would be submitted to the Council at its twenty-first session. The Co-ordinator indicated that, to ensure the success of the meetings, they would be held after thorough preparation at the technical level and in consultation with the Governments of the developing countries in the region. In that manner the regional meetings would serve their purpose as preparatory activities for the global intergovernmental symposium. Concerning the symposium, the Co-ordinator requested decisions on a number of points.

Summary of discussion in the Committee

407. A number of members felt that the calendar of dates for the regional meetings given in document DP/121 should be advanced so that all four regional meetings could be held before the end of 1976. One member indicated, however, that sufficient time was needed to ensure careful preparation and cautioned against undue haste.

408. Several members felt that the "host Government" support referred to in paragraph 7 of document DP/121 and paragraph 29 of document DP/134 did not apply in the circumstances, since the meetings were scheduled to be held at the headquarters of the United Nations regional economic commissions.

409. Concerning the provisional agenda suggested in paragraph 4 of document DP/121, a number of members expressed the view that it was a matter that should be discussed by the Governing Council at a plenary session or by the Economic and Social Council. However, some members offered suggestions in relation to the proposed agenda.

410. Concerning the cost of financing the regional meetings, a number of members considered that funds should be provided from over-all UNDP resources while other members felt they should either come from regional IPFs or the Programme Reserve. One member felt that the cost of holding the four regional meetings should be borne entirely by the United Nations, since that had been the intent of the General Assembly when it had adopted resolution 3251 (XXIX). During the subsequent discussion, other members stated that they could not agree that the regional meetings for technical co-operation among developing countries, which were in the form of preparatory meetings for the global symposium, should be financed from regional funds, as the issue was of global importance and not restricted to regional interests only. Some felt that funds for assistance in connexion with natural disasters, normally provided through the Programme Reserve, should also not be affected by any allocation of funds for the regional meetings. Others felt that the UNDP Administration should be given full authority and the necessary degree of flexibility in order to finance the UNDP share of the costs of holding the four regional meetings from the total resources available to the Programme. One member suggested that the meetings be considered collectively as a global project and charged to the IPF for global and interregional projects.

411. On the subject of the global intergovernmental symposium, the representative of Argentina reiterated his country's offer, made through the Administrator, to act as host to the meeting. One member suggested that special voluntary contributions should be made to finance the global meeting, while others felt

that the United Nations should be requested to assume greater or even full financial responsibility for the symposium.

412. A draft recommendation, which would request the General Assembly to confirm the interpretation of the terms of paragraph 4 of General Assembly resolution 3251 (XXIX), was presented to the Committee on behalf of the Latin American group of States.

413. The Committee noted that, according to document DP/121, a portion of the costs of providing direct conference services related to the convening of the regional intergovernmental meetings on technical co-operation among developing countries was to be provided from UNDP resources. According to some members, paragraph 4 of General Assembly resolution 3251 (XXIX) meant that the United Nations would provide all of the direct conference service facilities, not only for the global meeting but also for the four regional intergovernmental meetings, which would in fact be preparatory to convening a successful global conference.

Decision of the Governing Council

414. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having considered the financial implications of regional meetings and the symposium on technical co-operation among developing countries (DP/121) and the views expressed thereon in the Budgetary and Finance Committee,

(a) Through the Economic and Social Council, requested the General Assembly to confirm its understanding with respect to paragraph 4 of General Assembly resolution 3251 (XXIX) and to make adequate financial provision to cover all of the costs of providing conference servicing facilities for both the regional as well as the global intergovernmental meetings;

(b) Decided, pending the decision of the General Assembly to appropriate funds to cover the costs of providing all conference servicing facilities for the meetings, to authorize the Administrator to incur expenditures up to \$162,000 in connexion with the UNDP activities related to the regional meetings;

(c) Recommended that the Administrator draw the necessary resources to meet that expenditure from the global and interregional IPFs, on the understanding that, with due flexibility, other sources of funds might be used, if necessary.

E. EXCESS OVERHEAD COSTS DRAWN BY EXECUTING AGENCIES

415. During its consideration of agenda item 5 (f), the Committee had before it the note by the Administrator on the excess overhead costs drawn by executing agencies (DP/126).

416. In introducing the item in the Committee, the Assistant Administrator (Operations and Procurement) described in detail the consultations and negotiations between UNDP and FAO that had led to the compromise settlement referred to in

document DP/126. In that regard, he noted that the comments of the Committee at its nineteenth session had been extremely useful in setting the atmosphere for both parties to arrive at the solution currently before the Committee for approval.

Summary of discussion in the Committee

417. Most members expressed their satisfaction that a compromise solution acceptable to both UNDP and FAO had been reached and indicated that they were prepared to support the proposal to approve write-offs of \$3,190,000 in excess overheads drawn by the executing agencies for implementing former Special-Fund-type projects. Several members, however, asked for comments from the other agencies for which settlements were proposed based upon the formula used for FAO. A question was also raised on the repayment schedule which would apply to the three agencies other than FAO mentioned in the paper.

418. The representative of FAO and two other agencies expressed complete support for the proposal before the Committee, but one agency representative stated that his organization was disappointed because it had not been consulted on the formula to be used or the solution reached between FAO and UNDP. He noted that the current formula was less favourable to his agency than the one proposed in document DP/77/Add.4, under which his agency would have been required to repay to UNDP only \$54,129 instead of the amount of \$234,129 repayable under the current formula.

Observations of the Administration in the Committee

419. In response to the question related to the schedule of repayments of the excess overhead costs drawn by the executing agencies other than FAO, the Assistant Administrator (Operations and Procurement) indicated that UNDP would consult the agencies on this matter with a view to arriving at a mutually acceptable repayment schedule if the Council approved the Administrator's proposal.

Decision of the Governing Council

420. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having considered the note by the Administrator on excess overhead costs drawn by executing agencies (DP/126),

Approved the write-offs of \$3,190,000 in excess overheads drawn by executing agencies for implementing former Special-Fund-type projects in the following amounts:

- (a) Food and Agriculture Organization of the United Nations - a write-off of \$2,200,000;
- (b) United Nations Educational, Scientific and Cultural Organization - a write-off of \$709,000;
- (c) International Labour Organisation - a write-off of \$186,000; and
- (d) World Health Organization - a write-off of \$95,000.

CHAPTER X

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

421. Under item 6 of its agenda, the Council had before it:

(a) The annual report of the Executive Director for 1974 and work plan 1976-1979 (DP/108 (vol. I) and Corr.1, (DP/108 (vol. I)/ANNEX and Corr.1, DP/108 (vol. II) and Corr.1);

(b) Projects recommended for approval (DP/FPA/3 and Corr.1, DP/FPA/3/Add.1 and 2 and Add.2/Corr.1 and Add.3 and 4);

(c) A report of the Executive Director on present and proposed planning procedures and budgetary system (DP/110) and a note on the allocation of UNFPA resources (DP/118);

(d) A note on the implementation of UNFPA projects (DP/109);

(e) A request for approval authority (DP/115); and

(f) UNFPA budget estimates for the administrative and programme support services for 1976 (DP/113); the relevant report of ACABQ (DP/135); and UNFPA audit reports and accounts (DP/119).

422. The UNFPA budget estimates for 1976 were considered by the Budgetary and Finance Committee, which reported thereon to the Council (DP/L.300/Add.1).

Consideration by the Governing Council

423. In his opening statement to the Council, the Executive Director of UNFPA informed the Council that he had attended a conference of the League of Arab States in Cairo last May, which had adopted a unanimous recommendation to Arab Governments to contribute at least \$25 million to UNFPA to finance population projects and services in the Arab region in 1975 and 1976. The resolution demonstrated the Arab countries' recognition of population programmes in development and their willingness to participate in promoting multilateral population assistance. The Arab recommendation had also demonstrated the soundness of the active but neutral approach to population matters adopted by UNFPA.

424. He said that, on a global level, the most important event of the past 18 months had been World Population Year and the World Population Conference, held at Bucharest from 19 to 30 August 1974, which had reached a consensus in its World Population Plan of Action 22/ concerning the interrelationship between development and population policy, noted the sovereignty of each nation in this area, and confirmed the basic human right of couples and individuals to decide

22/ E/CONF.60/19, chap. I.

on the number and spacing of their children. UNFPA, together with the United Nations Secretariat, had followed up the adoption of the World Population Plan of Action by organizing four regional meetings. The hope had been voiced that increased funds would be forthcoming to deal with population matters at those meetings. A joint review of the Plan of Action was being prepared for Europe and North America in conjunction with the Population Commission and an interregional consultative group meeting to review programme implications would be held in September 1975.

425. The Executive Director went on to say that the rate of project implementation had markedly improved; the question was discussed in detail in document DP/109. It now appeared that from 1973, when the implementation rate had been only 58 per cent or 64 per cent if overhead payments to the Office of Technical Co-operation and grants to NGOs were included - the implementation rate had risen to about 79 per cent in 1974, when projects totalling \$68.3 million had been approved and \$54 million had been expended. Those improvements were due primarily to the flexibility of the Fund in allocating resources under the rolling plan to projects ready for implementation, and also to the gathering momentum in 1974 in a number of projects with long lead times. Inflation, though of some influence, was not a controlling factor and it could be expected that the improvement in implementation would continue.

426. UNFPA had continued the practice of arranging for execution of projects by recipient Governments themselves, and in 1974 projects worth \$7 million had been carried out in that way; the figure was expected to rise to \$12 million in 1975. Those projects were administered through the resident representatives' offices with the assistance of the UNFPA co-ordinators. But UNDP assistance in that area was only one of the ways in which UNFPA, while retaining its separate identity, was linked operationally and organizationally with UNDP. Arrangements with UNDP were very satisfactory.

427. Another encouraging development was the fact that UNFPA now was receiving more requests than its financial resources permitted it to deal with. The 1975 approval authority of \$80 million was based on an estimated substantial increase in pledges by donors, and those expectations were materializing, with many donors increasing their contributions. The total for 1975 now was \$61 million, which brought the over-all total to \$79.4 million when unallocated resources from previous years and \$1 million in other income was added. However, that figure was being outstripped by requests, which continued to grow. Although donors were willing to increase their contributions, it was difficult to find ways to deal with the excess of demand over supply.

428. The approach adopted by UNFPA to that problem was described in document DP/118. UNFPA had worked strenuously to increase support from countries which so far had contributed relatively little. Consequently, it had explored with UNDP the possibility of joint UNDP financing and of countries requesting assistance from within their IPFs; it was, however, obvious that in such cases they would have to relinquish other projects in like amounts. Arrangements along those lines were already advanced with some countries but it did not seem likely that much would materialize, at least during 1975.

429. The possibility had been explored of countries providing assistance for population projects beyond the amounts made available through UNFPA. A meeting of

interested bilateral donors and organizations had been convened in February to discuss possible collaboration and another would be held later in the summer. Progress had been steady, if slow, in that direction.

430. UNFPA was continuing to give higher priority to country projects than to regional, interregional and global ones. The 1974 allocations for the latter had been kept at about the same level as in 1973, but in 1975 it had become necessary to reduce that level; it was expected that the present level would be maintained in future years. UNFPA regarded the multicountry projects as very important for the purpose of awareness-building, training and research, activities which could not be carried out as country projects. In that connexion, the Executive Director expressed his satisfaction over the relationship of UNFPA with its executing agencies.

431. He went on to say that document DP/118 was, by necessity, still rather tentative and preliminary on the question of criteria and priorities because there had not been enough time for in-depth treatment of those questions, and also because the consultations on the Plan of Action would have an important bearing on criteria. Guidance from Governments would be welcome in that very crucial area.

432. The Executive Director recalled that in December 1974 UNFPA had wound up its World Population Year secretariat, which had put out a series of publications on population issues and had helped to create interest and give momentum to the work of NGOs in that area. The Fund also regarded the International Women's Year and the World Conference of the International Women's Year at Mexico City as very important for its activities and had helped in the funding of the Conference and its preparatory activities.

433. He recalled that some Council members had asked for information on the Fund's role in co-ordinating population assistance, in line with General Assembly resolution 2815 (XXVI) and Economic and Social Council resolution 1763 (LIV). A statement on the matter was contained in the annual report (DP/108 (vol. I) and Corr.1, paras. 12-15) and a highlight in that area had been the progress of the international contraceptive study project UNFPA had initiated, as well as the Inventory of Population Projects in Developing Countries, 1973-1974, published by UNFPA.

434. The Executive Director said that document DP/110 contained a description of planning procedures and the budgeting system approved by the Council at its sixteenth session. ^{23/} The Fund had found that the rolling-plan system based on a multi-year work plan offered the greatest flexibility for meeting population needs and that it also ensured the Fund's financial integrity. He recommended that the Council take note of the proposed work plan (DP/108 (vol. II) and Corr.1).

435. The four projects submitted for approval in documents DP/FPA/3 and Add.1-4 were being presented in greater detail than had been done before. He hoped that they would be supported by the Council.

436. The 1976 UNFPA budget estimates for administrative and support services in

^{23/} Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2A, para. 247.

document DP/113 for the first time contained data on organizational and operational objectives as requested by Council members. UNFPA field co-ordinators were being funded under the programme budget, as approved by the Council at its sixteenth session, but the expenditure data were included in the administrative budget for information. He took considerable pride in the fact that the administrative budget estimates for 1976 amounted to only 4.3 per cent of the total UNFPA budget, and to 6.5 per cent if the co-ordinators' costs were included. He noted that the Budgetary and Finance Committee had discussed the budget estimates and he trusted that the Council would approve the budget estimates as modified by the Committee.

437. UNFPA was requesting, under the rolling-plan system, an authorization for total approval authority of \$90 million for the first year of the 1976-1979 work plan, and partial approval authority of \$45 million for 1977 and \$15 million for 1978. A sound approval authority had to be linked to estimated resources and to requests for assistance. Requests were growing apace for 1976 and beyond. As to resources, the Executive Director felt that it might be opportune to hold a pledging conference and suggested that the Council request the Economic and Social Council and the General Assembly, following standard procedures, to authorize such a conference for UNFPA in 1976.

438. An authorization of \$90 million for 1976 would require pledges by donors of some \$88 million, because unallocated resources would have been exhausted by the end of 1975. That would amount to a 44 per cent increase in pledges compared with 1975, a very large figure, but perhaps not unreasonable in the light of past growth of participation and the current outlook for increased support.

439. UNFPA had always assumed that multilateral population assistance was only marginal to national resources allocated by countries. Recipient countries were adding more of their resources to population programmes and if that trend continued multilateral assistance would be limited in the long run to a proportionately small input. Meanwhile, in the light of the immense amounts required globally, \$90 million in 1976 was only a small and fractional investment. The UNFPA staff had worked hard in recent months to discuss the Fund's purposes and needs with numerous Governments, especially those not previously involved, including the oil-producing countries in the Middle East and Latin America. There was the possibility of UNFPA establishing a committee on resources with members from representative countries.

440. The Executive Director said that in addition to the indications from the Arab countries, positive indications had also been received from Venezuela and several smaller countries, notably El Salvador and Panama, had also pledged small but welcome amounts. He was confident that UNFPA would obtain adequate funds to meet the \$90 million approval authority for 1976 and he hoped that the recommendation to that effect would be approved by the Council.

441. Population would continue to be a problem for mankind; it was inextricably linked with other problems of economic and social development. Population assistance was not simply the distribution of contraceptives; it included help to countries to lower their infant mortality and to hold their first census. Special problems, like those of migration and increases in skilled manpower, had to be solved and understanding of population problems had to be fostered. All involved in population activities must continue to develop awareness of the issues, to assist in identifying problems and to help in their solution.

Summary of discussion

442. Council members expressed their appreciation to the Executive Director for the work done by UNFPA and for the leadership it was providing in the implementation of the World Population Plan of Action adopted at the World Population Conference in 1974. There was support for the Fund and recipient countries voiced appreciation of the assistance received.

443. The close link between population and development in general was emphasized by many members, as was the need to treat population assistance as part of over-all economic and social assistance. Several members voiced the view that a solution of population problems could come about only when the many economic and social problems of the developing world were solved. Members from some developing countries pointed to the alarming population growth in their areas and urged that the Fund concentrate on alleviating that problem. Others felt that population growth would not pose a serious problem if the basic problems of economic and social development were solved. Several members stressed that in the field of population assistance the sovereign right of States to determine their population policies and the right of the individual to decide on the number and spacing of their offspring must be respected.

444. Many members noted the Fund's role in the consultations on the implementation of the World Population Plan of Action: they requested that the Executive Director report at a future Council session on the results of those consultations and on their implication for UNFPA. One member pointed out that the Fund's policy-making body was the Economic and Social Council and that it was the proper organ to consider possible changes in the policies and mandate of UNFPA. The need for the Fund to maintain its flexibility was underlined by several members, and the wish was expressed that the momentum of the Fund, gained recently, should not be allowed to slacken.

445. Several members urged that the Fund should concentrate on assistance to developing countries and not undertake activities in Europe.

446. Members welcomed the improved and more detailed documentation submitted by UNFPA to the current session, as well as the comprehensive introductory statement by the Executive Director. However, several members suggested further improvements in the annual report, which, they suggested, should in future contain the following information: the introductory section should be broader and should describe the latest trends in population policy, research, family planning programmes and assistance at large, and thus place the Fund's activities in an international perspective; more data on practical co-operation with UNDP, especially in co-ordinating long-term plans and strategies; a comparison between the goals of country programmes and their achievements, as well as indications of major changes in such programmes; comparative data on the Fund's expansion vis-à-vis the inflation rate; the way UNFPA was giving attention to the role of women; accounts of projects by regions with the indication of expenditures and administrative costs. One member suggested that for the latter purpose UNFPA divide developing countries into three categories according to their annual population growth rates. Another member suggested that the term "West Asia" rather than "South West Asia" be used, to avoid confusion.

447. Many members expressed the hope that contributions to the Fund from donor

countries would increase, and some urged that countries that had not yet contributed to the Fund should consider doing so. One member felt that lack of adequate response to the Executive Director's appeal for funds could only lead to frustration and disruption of on-going and committed programmes. In that connexion, several members voiced satisfaction at the Executive Director's fund-raising efforts, although one member said it would be preferable if the Executive Director did not have to undertake so many trips for that purpose. Satisfaction was expressed at the recommendation adopted at the meeting of the League of Arab States, on which the Executive Director had reported. Members, in general, urged caution in expanding the Fund's activities and many considered it essential that the approval authority be closely linked to the resources that could reasonably be expected in a future year. One member urged that contributions to the Fund be freely available for programming, especially in the least developed countries. One member endorsed the Executive Director's suggestion that the establishment of an advisory committee on contributions might be considered.

448. A number of members announced that their Governments were increasing their pledges to UNFPA for 1976. Some members from developed countries, however, warned that, in view of their economic and budgetary restraints, no substantial increase in their contributions could be expected. The holding of a UNFPA pledging conference in 1976 was endorsed by some members.

449. Members generally supported the four projects submitted by UNFPA for approval. One member, however, questioned whether the Fund's criteria had been applied to all the projects. Another, while supporting the Nigeria project (DP/FPA/3/Add.1), expressed the hope that the Nigerian Government would assume full responsibility for the project after 1980 and urged that the project should be for no longer than five years. The same member also felt that the Romanian Demographic Centre project (DP/FPA/3/Add.2) should receive only interim approval for two years and then be resubmitted for approval, and that the over-all question of UNFPA support for international training institutions be further discussed. Another member felt that the Nigerian project should have been set in a similar framework of maternal and child health services as the Mexico project (DP/FPA/3/Add.4); the project should also have been related to the second UNDP country programme. Documentation on the International Islamic Centre for Population Studies, in the view of another member, should have included information on its link with the programmes of other organizations, particularly UNICEF.

450. While the majority of members endorsed a \$90 million approval authority for UNFPA in 1976, some called for caution and felt that an \$85 million total would be more realistic. Many members urged that the approval authority be closely linked to foreseeable resources and that the Executive Director report on the resources situation at the twenty-first session; it was suggested that, in the light of his report, the approval authority might then be modified. One member urged that the 1976 programme be kept at the 1976 level of pledges. Many members said that a \$90 million authority was essential if the Fund was to meet its increased tasks; one member felt that the inflation factor had to be taken into account and that a \$90 million total would represent \$85 million in real terms.

451. Members generally endorsed the four-year programme contained in the UNFPA work plan 1976-1979 (DP/108 (Vol.II) and Corr.1). Two members raised questions concerning the manner in which the plan had been prepared; in particular, they inquired whether the planning figures were related to expected resources. While some members urged more emphasis on assistance to Africa, others felt that

priority should be given to projects in Asia and the Pacific. One member suggested that, since the Fund now had a larger volume of requests than there were funds available, the connexion between the foreseen pledges and the approval authority requested in the work plan should have been brought out more clearly. The basic planning method of the Fund, the rolling plan, was endorsed by several members.

452. The recommendations made in the Executive Director's note on allocation of UNFPA resources (DP/118) were generally endorsed by the Council. The majority of members felt that priority should be given to country projects. Objections were voiced to the proliferation of regional and interregional projects, since they did not always comply with the priorities established by Governments. Several, however, pointed to the usefulness of multicountry activities and urged that such projects not be neglected; they warned of drastic cuts in that area. The majority of members felt that the allocations to multicountry projects should be kept at about the current level, as recommended by the Executive Director. One member felt, in that context, that future work plans should provide more information on the work of other organizations in the United Nations system; the information was needed for deciding on support for intercountry activities. Several members expressed support for direct implementation of UNFPA projects by organizations in recipient countries. One member urged that UNFPA gradually reduce infrastructure support to United Nations organizations and that the latter absorb the cost of such posts, now subsidized by the Fund, from their regular budgets.

453. While some members favoured greater emphasis on family planning programmes, others, referring to the link between population and development stressed at the World Population Conference, urged attention to problems affecting the distribution of populations, such as internal and external migration, and research in that field. The increase in family planning activities at the expense of research and other population activities was viewed with disfavour by some members. One member felt that the Fund should concentrate on activities that preceded the formulation of population policies by countries. Another felt that those projects which promised fast and long-term impact should have preference.

454. As to the Executive Director's statement on possible alternate sources of funding, in document DP/118, several members endorsed the proposed joint funding arrangements with bilateral donors and requested UNFPA to report in due course on progress in such negotiations. Funds-in-trust and "noted project" arrangements were also supported by some members. The majority of members concurred with the Executive Director's view that the establishment of an IPF system for UNFPA would be extremely difficult, at least for the foreseeable future, but one member felt that the matter should be reviewed further. Many members felt that, while it was difficult for the Fund to establish a strict set of priorities, efforts in that direction should continue and the Executive Director should report on the matter at a future session of the Council. One member stated that the exercise of limiting the type of assistance to be provided to population programmes on any basis apart from the criteria set out in document DP/45 would restrict the flexibility of UNFPA.

455. Members expressed gratification at the high implementation rate of UNFPA projects in 1973, as brought out in document DP/109. Several requested that the Fund continue supplying information on the trends in the implementation rate in subsequent sessions. The need to concentrate on qualitative as well as

quantitative aspects of implementation was stressed by several members. The representative of UNICEF noted that statistics on implementation would be more significant when in the future they covered more than a single year. Some members pointed to the importance of the Fund's Evaluation Section in the efforts to improve the implementation rate and requested more information on the work of that section. The importance of UNFPA's field co-ordinators in that context was emphasized by several members, who urged that co-ordination be carried out not merely at headquarters but mainly in the field, with the UNDP resident representatives.

456. One member expressed objection to the assistance given in the past to the Lon Nol clique and the puppet Saigon clique and to the assistance given in the past unilaterally to the Authorities of South Korea.

457. One member voiced reservations regarding the large amount of publications issued by UNFPA, in view of the high cost of printing.

Observations of the UNFPA Administration

458. In response to observations made in the discussion, the Executive Director of UNFPA expressed gratification at the pledges for 1975 announced by a number of members during the session, and observed that, with those pledges, UNFPA had surpassed its fund-raising target of \$80 million. He understood that the Governing Council would agree to set the 1976 approval authority at \$90 million, with the proviso that UNFPA would programme for that year in accord with the actual availability of resources; he would report to the Council at its twenty-first session on the prospect for actual pledges for 1976, since by the end of 1975 UNFPA would already have an idea of the total pledges that could be expected.

459. The Executive Director said he was very well aware that, in view of the disparity between requests and resources, there was a need for UNFPA further to refine its criteria for the allocation of resources. With the help of other United Nations agencies, representatives of selected Governments, UNDP, and bilateral donor organizations, the UNFPA staff would further elaborate the ideas contained in document DP/118 and submit to the Council an expanded report on the allocation of resources at its twenty-second session. He also stated that he appreciated the view of one member that there should be more exchange of experience, and invited that member Government to share its experiences and participate in the Fund's activities.

460. The Deputy Executive Director for Policy and Programme Development, noting the suggestions made for broadening the information supplied in the UNFPA annual report in future years, said that UNFPA would include data on over-all developments in population covering such matters as policy, research and action programmes; a review of major shifts in programme development and of the status of major projects and country programmes; and comparisons between the goals set by the Fund and the results achieved. A comparison would also be included between the rate of the expansion of the Fund's activities and the rate of inflation. A special section on co-ordination not only at the country level but also with organizations within and outside the United Nations system would be included, as would a statement on how UNFPA was giving attention to the role of women.

461. UNFPA would report to the twenty-first session on the results of the consultations on the implementation of the World Population Plan of Action.

462. Concerning the Fund's efforts to arrange for joint funding of specific projects with bilateral donors, the Deputy Executive Director said that UNFPA would report on the matter at the twenty-first session. Concerning another question, namely what types of requests for funding UNFPA had been rejecting since the restraint on its resources had occurred, he said that project requests for which there was insufficient funding were either postponed or rejected altogether, or their funding was reduced. Such unfunded projects included family planning and maternal and child health projects in Asia and Africa, projects in the field of population education, vital statistics and civil registration, and some requests for the funding of seminars and meetings. In six countries the over-all level of support to mainly family planning programmes had to be drastically reduced.

463. He said that to divide developing countries into three categories according to their rate of population growth would be difficult but that a suggestion for giving still further preference to the least developed countries could be looked into.

464. As to the concern voiced by two members that UNFPA had not taken into account the availability of resources when formulating its four-year plan, he said that the work plan (DP/108 (vol. II) and Corr.1) made it clear that the starting point was the likely availability of resources.

465. Concerning comments made on some projects submitted for Council approval, he stated that the Nigeria project (DP/FPA/3/Add.1) was actually for a duration of five and a half years; normally projects were limited to five years, but in case in point, as a result of some rephrasing, that limit had been slightly exceeded. Ninety-two per cent of the funding would, however, fall within the five-year period; the document indicated five and a half years only because some rephrasing had become necessary. In any case, UNFPA had accepted the principle that large-scale projects would be resubmitted for Council approval after the initial two years of their duration.

466. Regarding comments made on the allocation of resources, he said that UNFPA would review and further elaborate on the recommendations made in document DP/118 and report at the twenty-second session.

467. The substantive areas in which UNFPA would continue to be involved had to be studied in the light of the objectives set out by the Fund's policy-making body, the Economic and Social Council. On any major changes, the UNFPA would have to seek guidance and advice from that Council.

468. With regard to UNFPA activities in Europe, he stated that half of the funds committed were for support of WHO activities in Morocco, Tunisia and Turkey, which all belonged to the European region of that organization, or were for training in Europe of health personnel for developing countries. Other projects related to studies and research, and were in part of benefit to the developing countries, including those in Europe; but in view of comments made in the Council efforts would be made to find alternate funding.

469. The Deputy Executive Director for Operations, responding to comments made on the Fund's implementation rate, said that the Fund would continue to report in future on both quantitative and qualitative aspects of the implementation of its projects. Co-operation between UNFPA field co-ordinators and the UNDP resident representatives was being encouraged and was good, and the role of the co-ordinators would be further enhanced by their task of monitoring project execution.

Consideration by the Budgetary and Finance Committee

470. The Budgetary and Finance Committee had before it under agenda item 6 (f) the UNFPA budget estimates for the administrative and programme support services for the year 1976 (DP/113), and a report of ACABQ (DP/135) on the 1976 UNFPA budget estimates.

471. The Executive Director of UNFPA, in introducing the budget estimates for 1976, said that they had been prepared in accordance with the UNFPA Financial Regulations and Rules and had been submitted for examination to ACABQ. The estimates, for the first time, also contained data on organizational and operational objectives, as had been requested by Council members.

472. He recalled that UNFPA had grown from an organization with resources of less than \$3.5 million and a staff of less than 10 in 1969, to one with a programme budget of \$53 million and a staff of 129 - 49 Professional and 52 General Service staff, and 28 co-ordinator posts - in 1974. The rapid growth - the total budget rising to \$80 million in 1975, a 50 per cent increase over 1974 - had placed strains on the administrative structure of UNFPA; a partial reorganization had been undertaken in 1974, and the 1976 estimates were consequently providing for a small number of additional posts and a reclassification of several posts. As authorized by the Council, UNFPA was continuing to fund field co-ordinators from the programme budget.

473. The Executive Director said that of the 24 per cent increase over the 1975 budget, 15 per cent was the result of mandatory increases in salaries and staff costs, and 9 per cent was caused by the request for new posts and an expanded programme.

474. The major increases in the 1976 estimates were for seven new Professional and seven General Service posts; the reclassification of four posts; additional office space in the present location of UNFPA, since no space was available in the new United Nations Development Corporation building; mandatory increases in salaries and common staff costs; and travel and communications. UNFPA, however, was maintaining the self-imposed limitation of utilizing not more than 5 per cent of the total annual budget - 7 per cent if the cost of the co-ordinators was included - for administrative and programme support services. The respective figures were 4.29 and 6.48 per cent in the 1976 estimates.

475. The Executive Director stated that, for the first time, UNFPA was submitting an audit report and consolidated accounts (DP/119) under agenda item 5 (b) as a separate report rather than as part of the United Nations Trust Funds accounts. The UNFPA accounts had been reviewed by the External Auditors and ACABQ, and

accepted by the General Assembly in its resolution 3303 (XXIX). The report was for 1973, and was submitted for historical and record purposes; the 1974 accounts had been completed and audited and would be submitted to the next session of the Council.

Summary of discussion in the Committee

476. Members expressed appreciation of the work done by UNFPA. All members referred to the report of ACABQ (DP/135), the majority endorsing the views expressed in that report.

477. Several members felt that the presentation of the UNFPA budget estimates had improved but that further improvements could be made. They urged that estimates of expected contributions be included in future submissions and that explanatory notes should be added on the effect of inflation on the estimates.

478. Several members welcomed the low percentage of administrative expenses in the total UNFPA budget but one member felt that this percentage could be further reduced. The same member suggested that the Fund's organizational chart was not quite clear and that budget requests by the Executive Director should be linked to a more efficient internal organization of the Fund. Another member pointed to the fact that the estimates for the 1976 administrative and programme support services were 50 per cent higher than those for 1974.

479. Several members expressed the view that it was too early for UNFPA to adopt a biennial budget cycle.

480. Several members supported the views expressed in the ACABQ report on the reclassification of posts proposed in the UNFPA budget estimates. Some suggested that the decision on the matter be deferred. Others urged that the proposed upgrading of the two division directors to the D-2 level should not become an argument for the upgrading of the two deputy executive directors next year. One member supported the proposed changes in grades as proposed in the UNFPA submission. Other members voiced apprehension that the Fund's administration might become top-heavy and that that might contribute to a loss in the flexibility that UNFPA had, so far, successfully maintained. One member supported the proposed upgrading of some staff in UNFPA but opposed that of others. One member felt that if the reclassification should lead to the future creation of assistant-secretary-general posts, the situation then should remain stable.

481. Members in general felt that UNFPA should continue funding its field co-ordinators under the programme budget. Some members asked for more details concerning the budget section on co-ordinator costs and one, in particular, requested an explanation of the fact that the cost estimates of some co-ordinators' offices were markedly different from others.

482. While two members supported the proposed addition of new posts in the 1976 budget estimates, several expressed reservations and some suggested that UNFPA might add only a smaller number of new staff. Some members felt that an increase in UNFPA staff should be linked strictly to the increase in the programme level.

483. Specifically, one member suggested that the addition of 14 new posts was

excessive and that the creation of 7 to 10 new posts would be more realistic. Some members expressed concern at the high ratio of secretarial staff. Some other members suggested that one proposed post in the Programme Planning and Evaluation Division at the P-3 level be merged with a proposed post in the Office of the Executive Director at the P-4 level, the staff member to be responsible for editing the compendium of international assistance in population. One member agreed that the editor of the compendium should be a full-time staff member. One member stated that, since the Council had not yet approved the Fund's 1976 programme level, the Committee could not be sure whether the requested increase in staff was justified. The same member also felt that no increase in staff beyond the 1976 level should occur without a corresponding increase in the Fund's programme level.

484. Some members questioned the reasons for an increase in travel expenses in the 1976 budget estimates. One member, however, supported the increase and another noted that increased travel would be necessary in view of the Fund's effort to improve the implementation of projects.

485. Some members questioned the section concerning rental of UNFPA premises and the space to be occupied by UNFPA.

486. Some members questioned the budget item concerning translation of UNFPA publications, and also the number of booklets and other publications issued by the Fund.

487. Some members asked why there was an increase in the section concerning home leave travel of UNFPA staff, and the sections on consultants, overtime and temporary assistance were also questioned.

Observations of the UNFPA Administration in the Committee

488. The Executive Director of UNFPA and members of the UNFPA Administration, in response to the questions raised by Committee members, said that the need for the reclassification of four posts was considered necessary in view of the Fund's growing volume of activities and that UNFPA wanted to discuss the matter openly with members of the Governing Council. The reclassifications were being proposed in recognition of the increased responsibilities those officers would have in view of the growth of UNFPA activities. As to the proposed upgrading of the Director of the Programme Planning and Evaluation Division, he pointed out that UNFPA had difficulty in finding a suitable candidate at the D-1 level. The Director would have important functions to perform in view of the need to tackle problems of programme priorities and because he would have to supervise the increasingly active Evaluation Section. The Fund's mandate to provide leadership and co-ordination in population assistance should also be taken into account in that context. Moreover, ACABQ had not objected to the upgrading of the two division chief posts. In response to a question raised by ACABQ and also by some Committee members, the Executive Director stated that, as the Fund's volume grew further, a request to reclassify the posts of deputy executive director at the assistant-secretary-general level should not be excluded. He noted that in organizations of similar size in the United Nations system, the deputy executive directors were typically at the assistant-secretary-general level.

489. The Executive Director asked the Committee to keep in mind the correlation between the growth of the Fund's programme volume and staff increases. While the increase in the programme resources would amount to 44 per cent, administrative costs would increase only by 24 per cent, of which 15 per cent were mandatory increases. As to the merging of the proposed posts of P-3 and P-4, one deputy executive director pointed out that the tasks of the two officers were different: one, in the Programme Planning and Evaluation Division, would be responsible for the collection, co-ordination and standardization of global population programme assistance data: the other, on the P-4 level, would be responsible, among other duties, for editing and updating the annual inventory of population assistance. The Fund had also been given, in the World Population Plan of Action, the task of preparing a guide for population assistance.

490. The Executive Director accepted the view expressed by ACABQ in paragraph 16 of document DP/135, that further staff increases beyond what was proposed in DP/113 should be conditional on the growth of the UNFPA programme. UNFPA also accepted the suggestion that explanatory notes should be attached to future submissions indicating how inflation affected the budget estimates. UNFPA would also provide comparative tables on field staff costs in the field co-ordinators' budgets.

491. As to the proposed increase in travel costs, it was pointed out that the sum spent in 1974 was not the amount originally budgeted. Because of the great increase in travel costs, the Governing Council at its nineteenth session had approved a transfer of funds to that account. The 1975 budget was prepared one and a half years ago at what was then considered to be a sufficient level. It would probably also be necessary to request an increase in this figure. As to rental costs, it was explained that UNFPA would obtain additional space in the building where it was currently located; the premises were already under United Nations lease and efforts would be made to share the additional space - which included corridors, elevators, etc. - with other United Nations offices.

492. Regarding a possible reduction of the Fund's publication costs, efforts would be made in that regard, but such publications were important for fund-raising efforts. Most of the Fund's translation needs were covered by United Nations services and the figure for outside translations was only \$3,500, to provide for exceptional cases that could not be handled by the United Nations.

493. Consultants were needed for ad hoc and evaluation studies as well as fund-raising, and it was more economical to cover those needs by consultants rather than by full-time staff. Temporary assistance was exclusively for General Service posts and intended to cover extended sick leave or other long-term absence of regular staff. Overtime was needed in periods of increased work-loads and was more economical than keeping additional full-time General Service staff. The higher amount for home leave was due to the fact that many staff members had deferred their home leave in 1974, which was World Population Year and the year of the World Population Conference.

Decisions of the Governing Council

494. At its 482nd meeting, the Governing Council adopted the following decision:

The Governing Council,

Bearing in mind the responsibilities of the United Nations Fund for Population Activities (UNFPA) within its mandate in assisting the developing countries to implement the World Population Plan of Action adopted at the World Population Conference in 1974,

Taking into account the comments made during the discussions of that item,

(a) Took note of the 1974 UNFPA annual report contained in documents DP/108 (vol. I) and Corr.1 and DP/108 (vol. I) ANNEX and Corr.1;

(b) Took note further of the 1976-1979 UNFPA work plan contained in document DP/108 (vol. II) and Corr.1;

(c) Approved the following projects in the amount of \$1 million or more or with innovative aspects or policy implications, with the understanding that the amounts for the third and following years, after a progress review, would be re submitted to the Council for approval:

(i) Rural and maternal child health and family planning project, south eastern state, Nigeria (DP/FPA/3/Add.1) in the amount of \$1,345,200 for an estimated period of five and a half years;

(ii) United Nations - Romanian Demographic Centre (DP/FPA/3/Add.2 and Corr.1) in the amount of \$1,125,000 for an estimated period of four and a half years;

(iii) Assistance to the International Islamic Center for Population Studies at Al Azhar University, Egypt (DP/FPA/3/Add.3) in the amount of \$301,900 for an estimated period of two and a half years;

(iv) Programme of medical services for maternal and child health and family planning of Mexico (DP/FPA/3/Add.4) in the amount of \$8,854,900 for an estimated period of five years;

(d) Approved the recommendations made by the Executive Director in document DP/118 on the allocation of UNFPA resources and proposed alternate funding arrangements; requested the Executive Director to keep the Council informed on progress in the development of alternate sources of funding; and noted the Executive Director's intention, in view of the disparity between requests and resources, to submit, after appropriate consultations, a further report on the allocation of UNFPA resources to the Governing Council at its twenty-second session;

(e) Requested the Executive Director of UNFPA to inform the Council regularly concerning both the quantitative and qualitative implementation of UNFPA projects and concerning the conclusions derived from the evaluation of selected programmes and projects;

(f) Decided to give the Executive Director additional approval authority of \$57 million for 1976, bringing the total for that year to \$90 million, \$37 million for 1977, and \$15 million for 1978 on the condition that the Executive Director:

- (i) Limit the approval of projects to the availability of resources;
- (ii) Report to the Governing Council at its twenty-first session on the sufficiency of resources to allow for a total 1976 approval authority of \$90 million;

(g) Recommended to the General Assembly and the Economic and Social Council that they authorize UNFPA to hold a pledging conference in 1976;

(h) Approved the acceptance by UNFPA of a pledged contribution of \$100,000 earmarked for the Intergovernmental Co-ordinating Committee for Population Activities.

495. At its 489th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having considered the 1976 budget estimates for administrative and programme support services of the UNFPA (DP/113), the report of the Advisory Committee on Administrative and Budgetary Questions (DP/135) and the views expressed thereon in the Budgetary and Finance Committee,

(a) Approved the estimates of 1976 requirements for administrative and programme support services of the UNFPA secretariat in a total amount of \$3,791,550 (net) as submitted in document DP/113, taking into consideration the reduction of \$66,300 (net), which had resulted after consultation among members of the Budgetary and Finance Committee, representing (i) deferral of consideration of the proposed upgrading of 2 D-1 posts until the twenty-second session of the Governing Council, when they would be considered as part of an over-all review of the upper echelon of the UNFPA Administration, and (ii) the deletion of 1 P-3 and 3 General Service posts of the total proposed addition of 14 posts (7 Professional and 7 General Service). The amount of \$3,791,550 (net) comprised the following appropriation sections:

	<u>US \$</u>
Section 1. Salaries and wages	2,729,000
Section 2. Common staff costs	684,450
Section 3. Travel and transportation	165,000
Section 4. Permanent equipment	15,000
Section 5. Other general expenses	543,500
Section 6. Reimbursement to UNDP	<u>262,000</u>
	<u>Total gross</u>
	4,398,950
<u>Less</u>	
Section 7. Estimated income	<u>607,400</u>
	<u>Total net</u>
	<u><u>3,791,550</u></u>

(b) In order to finance those requirements, authorized an allocation in the amount of \$3,791,550 (net) from the resources of UNFPA;

(c) Approved the UNFPA consolidated accounts for the year 1973 as presented in document DP/119.

CHAPTER XI

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

496. Item 7 of the Governing Council's agenda was referred for preliminary consideration to the Ad Hoc Working Group on the United Nations Revolving Fund for Natural Resources Exploration and subsequently considered by the Council on the basis of the Working Group's report (DP/L.302).

Consideration by the Ad Hoc Working Group

497. Under item 7 of the Governing Council's agenda, the Ad Hoc Working Group established by the Council at its nineteenth session sought to establish a final framework of operational procedures and administrative arrangements for the Fund to enable the Fund to start operational activities as requested by the General Assembly in its resolution 3167 (XXVIII). The Working Group had the following documents before it:

- (a) A progress report by the Administrator (DP/122);
- (b) A note transmitting the report of a meeting of mining experts convened by the Administrator to discuss the modalities of the Revolving Fund (DP/129);
- (c) A report of the Secretary-General (DP/53) and a revision thereof (DP/53/Rev.1 and Corr.1);
- (d) Two projects submitted for consideration and approval by the Governing Council (DP/133 and DP/136);
- (e) A draft model agreement circulated previously to Governments for study and comments as requested by the Governing Council at its nineteenth session; and the Administrator's comments in the light of the Working Group's discussion, contained in document DP/L.299 and Add.1 and 2;
- (f) The text of the report of the consultant to the Administrator on the self-financing aspects of the United Nations Revolving Fund for Natural Resources Exploration.

498. The Ad Hoc Working Group met 10 times in formal session on 9, 10, 16 to 19, 23 and 25 June and 3 times in informal session on 10 and 12 June.

499. The provisional agenda before the Working Group provided for consideration of:

- (a) Operational procedures and administrative arrangements;
- (b) Proposed projects; and
- (c) The delegation by the Council to the Administrator of authority to approve future projects.

500. There was disagreement as to the Working Group's mandate on the model agreement. After discussion, however, it was agreed that, while the Working Group was not required to approve the model agreement, and since not all Governments had submitted complete comments on the model agreement as requested by the Administrator in accordance with the decision of the Governing Council at its nineteenth session, members were free to comment on it, since such comments would refer, broadly speaking, to principles under discussion on the operational procedures and administrative arrangements. However, some members stressed that they were not in a position to approve a model agreement and that each user Government would be free to negotiate its own agreement with the Fund.

501. In response to the request of some members, the Administrator revised document DP/53 in the light of document DP/129 and also to reflect certain points raised in the discussions in the Ad Hoc Working Group.

502. There was general agreement that the Revolving Fund, as established, was desirable, although some members disagreed with the principles contained in document DP/53 and others with the details, particularly the rate of replenishment contributions and the absence of a ceiling. One member, while reiterating its endorsement of the Fund, expressed the opinion that the operational procedures and administrative arrangements infringed upon the sovereignty of user countries both in regard to the privileges and immunities exacted and in regard to the Fund's proposed supervision of marketing arrangements and accounts. It further felt that the replenishment rate was usurious and that the rate should be decided upon through consultations between the Fund and the user Government in the spirit of providing interest-free or low-interest loans. The same member stated that the model agreement required fundamental changes. It also expressed serious reservations regarding the association of the World Bank with the Joint Operations Group of the Revolving Fund and maintained that the association was unacceptable. Another member indicated its opposition to sectoral funds in general and, with regard to the Revolving Fund in particular, felt that the repayment formula was contrary to the basic concept of international co-operation. It expressed the hope that the phenomenon would not extend to other areas of technical assistance. Yet another member maintained that the underlying principles of the Revolving Fund were too far removed from the philosophy of United Nations technical assistance and felt that it placed undue emphasis on the exploitation of resources for the use of the developed countries rather than on promoting the development of user countries. While not wishing to obstruct the Fund, it considered that the model agreement prepared with the assistance of the World Bank contained terms that were too onerous and that no legal obligation with regard to repayment was necessary - only a moral obligation.

503. There was, nevertheless, general recognition of the fact that any revolving fund had by definition to become self-sustaining and the role of the Fund as a vehicle for mutual assistance and co-operation among developing countries was generally endorsed.

504. In reply to a point made by one member that the question of permanent sovereignty had not been taken fully into consideration, the Assistant Administrator (Programme) stressed that paragraph 53 of document DP/53/Rev.1 and Corr.1 stated categorically that the project agreement should be fully consistent with the principle of permanent sovereignty of States over their natural resources as recognized by the relevant resolutions of the General Assembly, and that the Fund would abide by the spirit and the letter of those resolutions.

505. With regard to the scope of the Fund's activities, it was the general view that, while in its initial stages the Fund could concentrate its activities on exploration for metallic and non-metallic minerals, including solid fuel minerals, it could also, in principle, and when the Fund's financial resources were of a sufficient magnitude, cover the exploration costs for geothermal energy, petroleum and gas. Some members sought assurance, however, that the Fund would include exploration for petroleum, gas, and geothermal energy resources as soon as satisfactory operational methods and replenishment formulae had been elaborated.

506. Several members stressed the importance of exploration for ground water in promoting development of the developing countries.

507. The basic criterion for selecting the natural resources to be explored was that they should have a potential market. One member stressed that the term market included both domestic and external markets.

508. Another member felt that there should be close co-ordination during the second cycle of UNDP country programming between the Fund activities and institution-building and manpower training projects under the IPF.

509. The manner in which feasibility studies could be undertaken by the Fund and the repayment that would be required was raised by several members. The group of mining experts convened to consider the modalities of the Fund had recommended that, provided the feasibility investigations were within the Fund's financial capacity, the Fund should consider undertaking such investigations as a follow-up to its explorations, on the basis of special arrangements to be made with the Governments (DP/129, para. 13). Several members suggested that if the Fund were in a position to undertake both pre-feasibility and feasibility studies it would be in a better position to assist developing countries, and urged that the Fund increase its scope to include the feasibility stage.

510. On the question of funding, one observer suggested that the Governing Council decide that, notwithstanding the suggested level of contributions of \$7 million given in paragraph 31 of document DP/53, a new indicator level of \$100 million should be set to allow the Fund to undertake feasibility studies as a follow-up of its explorations, provided that the costs of feasibility studies were within the Fund's financial capacity.

511. Many members suggested that in recruiting experts and in purchasing equipment preferential treatment should be accorded the developing countries.

512. Several members expressed the opinion that the original intent of the Fund was that the amount of repayment should bear a relationship to the original expenditures incurred by the Fund. They also felt that the discovery of a "bonanza" might give rise to a disproportionate amount in total repayment. They suggested, therefore, that a ceiling be imposed. Other members were not convinced, however, that the Fund would revolve if a ceiling were imposed.

513. Having heard from the Assistant Administrator that at stable prices a ceiling of 15 times the original expenditure, at a uniform rate of 2 per cent of the value of produced commodities, would be adequate to ensure viability of the Fund, many members expressed the view that that should therefore be the ceiling. Several members were of the opinion that a floor was necessary because they felt that users with unexpectedly successful projects had a moral obligation, which might

usefully be reflected in the rules of the Fund, to support the Fund beyond the minimum replenishment requirement. They therefore suggested, in accordance with a recommendation by the group of mining experts, that a floor be established whereby repayment contributions would be made for a minimum of eight years, the proposed ceiling notwithstanding (*ibid.*, para. 21). Many members found that idea unacceptable. The Assistant Administrator had stated that while a floor for repayments might be desirable from the standpoint of generating additional financial resources for the Fund's exploration activities, it was not strictly indispensable for the viability of the Fund. Those, therefore, who objected to the floor felt that the ceiling proposed was adequate to ensure that the Fund would revolve and that the arguments used by those favouring the floor ignored the fact that the Fund, through its revolving nature, was an instrument for co-operation and mutual assistance among developing countries.

514. Some members proposed that preferential replenishment rates should be accorded to certain categories of user countries, in particular the least developed, the developing land-locked and developing island countries. Some other members did not share that view, however, and expressed the hope that a uniform replenishment rate would be established for all user countries.

515. Referring to the model agreement, many members expressed the view that the agreement did not maintain a consistently equitable balance between the user Government and the Fund. They felt that there should be greater user Government participation in Fund projects, in order to enable them to gain expertise in the preparation and management of such projects in the future and to reduce dependence on outside sources. To that end, one member, supported by others, proposed that a joint management committee would need to be established for each project, to reflect in an appropriate fashion the user Government's own participation in the management of the project. Many members also felt that user Governments should also participate in the process of the selection of contractors and experts. Several members were concerned about the discretion of the Fund over the amendment of the work plan of a project.

516. It was felt, similarly, that there should be an assurance that the Fund would observe proper secrecy regarding information and data produced for and by a Fund project. One member stated that on termination of the project all relevant data, information and samples should be returned to the Government concerned. Following that discussion, the Assistant Administrator withdrew paragraph 19 of document DP/53/Rev.1 and Corr.1. Disapproval was expressed over what many members viewed as the onerous extension of privileges and immunities contemplated in the agreement, especially to private individuals, firms or organizations and their staffs employed by or acting on behalf of the Fund.

517. Many members felt that the formulation in the model agreement regarding the enforceability of the agreement implied an infringement of sovereignty. The Assistant Administrator assured the Working Group that there was no such intention. Subsequently, the Assistant Administrator stated also that, in the opinion of the Legal Counsel of the United Nations, as the agreements would be concluded between a United Nations organ and States, they must be considered as international treaties, which prevailed over national laws. Therefore, the deletion of the phrase "notwithstanding the law of any State or political subdivision thereof to the contrary" would not affect priority of agreement obligations. The Assistant Administrator therefore withdrew that phrase. Several members did not agree with the arrangements for arbitration, and one member said

it would find it difficult to accept as final any decision by the arbitral tribunal proposed in the agreement.

518. Several members also said that they did not agree that, if a country ceased to be a Member of the United Nations, the Fund should have the right to terminate an agreement with that country, while retaining its claim for replenishment contributions.

519. Concerning third party claims against the Fund, etc., one member expressed strong reservations on the formulation in the model agreement. It felt that, as worded, the section did not make any distinction between third party claims of a contractual nature arising out of contracts between the Fund and any public and private persons or activities, and any other claims in relation to the project. The same member further stated that the determination of wilful misconduct or gross negligence should be left to the courts and not to arbitration, a view that was shared by some other members.

520. In the light of the above opinions, many members put forward, in informal consultation and at formal meetings, specific suggestions for amendments to the text of the model agreement. The Assistant Administrator indicated orally and in document DP/L.299 and Add.1 and 2 the manner in which those suggestions would be taken into account. In particular, closer user-Government/Fund co-operation in management and operations was accepted, as was the withdrawal of the clause concerning action to be taken if a user country ceased to be a Member of the United Nations.

521. Following the adoption of the report (DP/L.302), the Chinese delegation expressed its reservations with regard to paragraphs 26 (a), (b) and (j) and to paragraph 27 (a).

Consideration by the Governing Council

522. The Assistant Administrator (Programme) welcomed the recommendations of the Working Group. He said that, in the light of the comments made by the Working Group after thorough examination of the basic principles, the Administration had issued a revision of the proposed operational procedures and administrative arrangements, in document DP/53/Rev.1 and Corr.1, as well as the amendments that should be made to the model agreement, in documents DP/L.299/Add.1 and 2. The Assistant Administrator expressed the view that the decisions proposed by the Working Group for adoption by the Council provided a workable framework for the Fund's operations. In particular, he felt that the financial basis of the Fund was as solidly based as it could be, in the present state of knowledge regarding the probability of successful exploration in the circumstances in which the Fund was likely to have to operate.

523. Referring to misgivings that had been expressed concerning the revenue basis of the Fund's operations, the Assistant Administrator pointed out that the revolving nature of the Fund reflected a decision of the General Assembly that was not open for reconsideration by the Administrator and that, after allowing for administrative costs, all the revenues of the Fund would be devoted to the financing of ongoing or new exploration activities. The Fund was thus a vehicle for co-operation among developing countries in the development of their natural resources.

524. The Assistant Administrator said that the provisions made for close

co-operation between the Fund and user Governments would facilitate the operations of the Fund in the countries in which exploration activities were carried out. They were consistent with the need for the Fund to have the power of decision on all questions relating to the degree of the Fund's financial commitment in respect of any particular project. The Administrator considered that, as a result of the deliberations of the Working Group, a fair balance had been struck in regard to the rights and obligations involved in the Fund's activities.

525. In concluding his introductory remarks, the Assistant Administrator drew the attention of the Council to the fact that the two projects for which the approval of the Council was being sought might involve expenditures up to \$3.45 million of the \$5.4 million presently available for expenditure by the Fund. Consequently, the enlargement of the Fund's scope of activities up to the point envisaged in paragraph 29 of the Secretary-General's report would depend on the financial resources made available to the Fund, and he expressed the hope that Governments would bear that in mind in considering the contributions that they would make at the Pledging Conference.

Summary of discussion

526. Appreciation of the achievements of the Working Group, and in particular of the contributions of its Chairman and Rapporteur was widely expressed by members of the Council.

527. A few members reminded the Council that they had expressed reservations with regard to General Assembly resolution 3167 (XXVIII), establishing the Fund, at the time of adoption of that resolution, because they had felt it introduced a commercial character in the United Nations development system. One member expressed the view that the operational procedures and administrative arrangements of the Fund described in document DP/53/Rev.1 and Corr.1 infringed upon the permanent sovereignty of recipient countries over their natural resources and, notwithstanding the assurance contained in paragraph 53 that "the Project Agreement ... should be fully consistent with the principle of permanent sovereignty of States over their natural resources as recognized by the relevant resolutions of the United Nations General Assembly", felt that the safeguards were not sufficiently specific. The same member reiterated his reservations with regard to the privileges and immunities accorded to the Fund and with regard to its supervisory role in relation to marketing activities and accounting. He also felt that paragraphs 9 and 10 placed more emphasis on activities for the benefit of the Fund than for the developing countries and was of the opinion that the replenishment formula was usurious. Nevertheless, he agreed to the establishment of the Fund in response to the expressed desire of many developing countries to develop their own natural resources. He expressed reservations with regard to the participation of the World Bank, which had not complied with General Assembly resolution 2758 (XXVI), in the operations of the Fund and with regard to paragraphs 26 (a), (b) and (j) and paragraph 27 (a) of the report of the Working Group (DP/L.302).

528. Several members had reservations with regard to paragraphs 26 (a) and (b) of document DP/L.302 and reserved the right to negotiate agreements with the Fund without necessarily adhering strictly to the terms set out in the model agreement.

/...

529. Several members maintained reservations with regard to the terms of the model agreement and one member suggested that it was based on the principles adopted by the World Bank rather than those of UNDP. In response to the latter statement, the Assistant Administrator stated that the model agreement had been prepared on the basis of the operational procedures and administrative arrangements contained in the Secretary-General's report (DP/53), and that the contribution of the World Bank had been limited to lending the services of a legal adviser, at the Administrator's request.

530. In response to a question raised as to the position regarding replenishment contributions to the Fund in the case of a mineral deposit that was exhausted in less than 15 years, the Assistant Administrator drew attention to the provision in paragraph 21 of document DP/53/Rev.1, which automatically suspended payments for "periods of non-production", and gave an undertaking that that would be adopted as Fund policy.

531. One member suggested that the Governing Council might wish to review the operational procedures and administrative arrangements in the future.

532. Another member suggested a specific amendment to paragraph 26 (b) of document DP/L.302 relating to replenishment contributions. The Rapporteur of the Working Group stated that the amendment did not change the meaning of the paragraph but made it more precise, and he therefore recommended that it be accepted. The proposed amendment was accordingly approved and incorporated in the decision adopted by the Council (see para. 536 below, decision I, subpara. (b)).

533. The report of the Working Group contained in document DP/L.302, as thus amended, was adopted by consensus.

534. After the decision of the Governing Council, several members expressed their satisfaction with the important step that had been taken in approving the operational procedures and administrative arrangements of the Fund, which, it was felt, would yield benefits for many developing countries by enabling them to develop their natural resources. One member, recalling the co-operation of his Government with the Fund, expressed the hope that other countries would give similar support in the future.

535. An observer, addressing the Council at the invitation of the President, informed the Council that his delegation reserved its position on the Council's decision pending further examination by his Government of the conclusions reached on the basis of the Working Group's report.

Decisions of the Governing Council

536. At its 490th meeting, on the recommendation of the Ad Hoc Working Group on the United Nations Revolving Fund for Natural Resources Exploration, the Governing Council adopted the following decisions.

I.

Regarding the operational procedures and administrative arrangements of the Revolving Fund for Natural Resources Exploration, the Governing Council agreed that:

(a) In principle, a ceiling shall be imposed on repayment contributions to the Revolving Fund.

There was insufficient experience available either to the Expert Group or to the Working Group to establish the level at which such a ceiling shall be imposed. Such data as was available, however, suggested that the ceiling will probably be in the region of a multiple of 15 times the original investment by the Fund, in constant prices.

At the same time, in view of the distance in time between the present and the moment at which any such repayments are likely to reach a level approaching such a ceiling, when, in the view of the user country concerned and in consultation with the Director of the Fund, attainment of a level of repayments approaching this ceiling, is in sight, the situation shall be reviewed by the Governing Council;

(b) Replenishment contributions from user countries shall be levied at the uniform rate of 2 per cent of the annual value of produced commodities and shall be payable at that rate for a period of 15 years from the start of commercial production or until such ceiling as may be determined in accordance with paragraph (a) above, is reached, whichever is earlier;

(c) The Fund will in principle explore for all types of natural resources. With respect to the natural resources to be explored, it is accepted that both the domestic and external potential markets of the natural resources to be explored shall be taken into account;

(d) There shall be secrecy of information and data produced by and for the project;

(e) There shall be closer user-Government/Fund co-operation in the management and operation of individual projects;

(f) Any amendment of the work plan of a project to be carried out by the Fund shall be made in consultation with the user Government;

(g) In order to ensure effective UNDP support for the development of the natural resources sector in user countries, the maximum effort shall be made to co-ordinate projects financed by the Revolving Fund with UNDP's current and future institution-building, institution-strengthening and manpower-training programmes in that sector;

(h) The user Government shall participate in the selection of contractors and the recruitment of experts for Fund-financed projects;

(i) In implementing projects financed under the Fund, the Director of the Fund, in co-operation with the user Government, shall give special consideration to recruiting experts, consultants and contractors from developing countries on a preferential basis. In the procuring of equipment and other materials required for Fund projects, the Director shall be invited to purchase suitable and competitive equipment and materials available in developing countries on a preferential basis;

(j) The Fund shall be accorded the same privileges and immunities as are or shall be accorded to UNDP;

(k) Each user Government shall negotiate with the Fund its own agreement consistent with the operational procedures and administrative arrangements as set out in the present conclusions. The model agreement shall serve only as a model and shall form the basis of the negotiations;

(l) The text containing the operational procedures and administrative arrangements shall be brought into line with the amendments suggested to the model agreement and accepted by the Administrator.

II.

The Governing Council:

(a) Approved the operational procedures and administrative arrangements contained in document DP/53/Rev.1 in so far as they are consistent with the conclusions reached in paragraphs (a) to (l) above, and authorized the Fund to start operations as requested by the General Assembly in its resolution 3167 (XXVIII);

(b) Approved the projects recommended by the Administrator for Mineral Exploration in the Cordillera de los Andes, Bolivia (DP/133) and Mineral Exploration in Sudan (DP/136) and authorized the Administrator to conclude an agreement with the respective Governments;

(c) Decided that all projects under the Revolving Fund shall continue to be submitted for approval to the Governing Council. The Governing Council may review this decision at any later stage.

537. At the same meeting, the Governing Council confirmed the appointment of the Director of the Revolving Fund for Natural Resources Exploration.

CHAPTER XII

UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

538. The Officer-in-Charge of the Office of the Director of the Office of Technical Co-operation introduced the report of the Secretary-General (DP/RP/16) under item 9 of the Council's Agenda. In so doing, he expressed his apologies for the absence of the Commissioner, who was unavoidably detained on other matters at United Nations Headquarters.

539. He said that the main aim of the paper was to provide the Council with a broad substantive review of current trends in the programme of technical co-operation for which the United Nations acted as executing agency. In that context, he stated that changes in the external economic environment had caused a certain reordering of Government priorities, both in their general development programmes and in programmes of technical co-operation. That, among other factors, had caused the expansion of the multisectoral programmes of the United Nations. As regards changes in the sectoral programme, he singled out, among others, projects funded by UNFPA as having undergone substantial increase, due to an increasing momentum on the part of Governments in census taking and other types of demographic activity. All in all, he reported an increase in the programme value delivered by the agency from \$66 million in 1973 to \$71 million in 1974.

540. He reported that steps had been taken within the agency to decentralize project implementation to field staff, and, in response to Economic and Social Council resolution 1896 (LVII), to delegate increased administrative responsibility to the regional economic commissions. A task force comprising representatives of the United Nations and UNDP had been established in order to implement the terms of the resolution in more specific terms.

541. As regards the regular programme, that remained at the same level as in the past, and was still aimed at the objectives as set out in the paper to the Council at its eighteenth session (DP/RP/15). The continuing innovative character of country projects was demonstrated in the recent approval of a project in Swaziland for the integration of women in the development process. Particular reference in this regard was also made to the activities of the Interregional Advisory Service, which provided Governments with welcome advice on a wide range of sectoral and multisectoral problems.

542. In conclusion, he gave the Council every assurance that all efforts would continue to be made to upgrade the substance of implementation of the United Nations programme of technical co-operation, and to be guided by the terms of the Council's decision on new dimensions.

Summary of discussion

543. After noting with appreciation the report of the Secretary-General (DP/RP/16), one member drew attention to the fact that transport, in which the programme had been active, did not feature in the report. Commenting on the sectoral analysis,

he noted the trends set out in the paper, with reference in particular to a general trend of governmental interest in subnational planning. Among other aspects of the report, he felt that the impact of the programme of natural resources could have received greater attention; that, although the recorded increase in projects in human settlements was noteworthy, it should not be over-exaggerated; and that support for coastal area redevelopment projects should receive greater attention by UNDP in future programmes. Another member stated that the report appeared to him to reflect the fact that Governments were re-examining their concept priorities, and that naturally affected the type of technical assistance provided. He suggested that in future reports, a more in-depth analysis might be helpful rather than the broad review that the paper had provided. He did not consider the increase in programme expenditures noted in paragraph 1 of the report to be remarkable in relation to world inflation trends.

544. In relation to the recruitment process, a member requested information on the "other sources" quoted in the last line of paragraph 98, stating his view that Governments normally expected national Governments to submit candidates to the United Nations after careful scrutiny of their qualifications. He also said that it would be helpful if annual lists of vacancies likely to occur each year could be forwarded to resident representatives in all countries concerned, so as to enable forward action to take place.

545. Referring to the use of certain unused currency reserves in his country, one member restated the position of his delegation that those reserves should be used to finance seminars, study tours and courses of the type which, as had been clearly demonstrated, his country could provide. That would be to the advantage of the developing countries.

546. Commenting on the overlapping responsibilities of different United Nations agencies, another member requested that more effort should be made to co-ordinate agency activities in such fields as the environment, transfer of technology, water resources, food, energy and natural resources.

Observations of the Officer-in-Charge

547. The Officer-in-Charge thanked members for their comments and assured them that they would be taken into account in the preparation of the paper to be submitted at the twenty-second session of the Council. He agreed that not enough emphasis had been placed upon transport, citing the UNDP-financed project for feasibility studies in relation to the trans-Saharan highway as a project for which the United Nations had assumed executing agency functions. In relation to comments on programme trends generally, he reminded members that the agency responded primarily to expressed needs of Governments, and the paper had attempted to reflect these. The trends noted in paragraph 1 should be read in relation to programme trends in the system as a whole, which had registered increases of the order quoted in the report by the Secretary-General.

548. On the subject of recruitment, he stated that "other sources" referred to a variety of sources, both formal and informal. Not all Governments had established national committees for recruitment of nationals, and therefore the agency accepted candidates from "other sources". In those cases, the utmost care was taken by the agency to check out the credentials of candidates. He agreed to take up the possibility of annual lists with appropriate offices in the agency.

549. Replying to the question of the utilization of the accumulated currency reserves of one country, he stated that the matter raised questions of policy that were yet to be resolved at a high level in the United Nations. However, serious efforts were being taken to use the current contributions of the country to the United Nations regular programme in a constructive manner; he said, for example, that proposals for several seminars had recently been sent through for approval. He assured the member that his agency was very conscious of the contributions which his country could provide in many fields of United Nations activity.

550. In respect to interagency co-ordination, he informed the member that machinery did exist to minimize, to the greatest extent possible, the overlapping of responsibilities among agencies.

Decision of the Governing Council

551. At its 490th meeting, the Governing Council took note of the report on United Nations technical co-operation activities contained in DP/RP/16 and the observations made during the discussions and requested that those observations be taken into account in the preparation and presentation of the next report to the Council.

CHAPTER XIII

INFORMATION ON THE REGULAR PROGRAMMES OF TECHNICAL ASSISTANCE OF THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY IN 1974

552. Under item 10 of its agenda, the Council had before it a note by the Administrator (DP/123 and Corr.1), the annex of which contained summary statements from the following organizations on the size and composition of their regular programmes of technical assistance: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, International Civil Aviation Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization, International Atomic Energy Agency, United Nations Industrial Development Organization and United Nations Children's Fund. Relevant expenditures incurred by the organizations in 1974 were shown in two tables in the Administrator's note: the first, according to the programme classification Administrative Committee on Co-ordination; the second, by region and by country or area.

Summary of discussion

553. Members of the Council expressed their appreciation for the information provided in document DP/123 and Corr.1, referring to the data as very useful and instructive. One member observed that the importance of the regular programmes of the specialized agencies could be inferred from their remarkable growth. He noted that expenditures in 1974 showed an approximate increase of 40 per cent over those for the previous year. Relative to UNDP-financed activities of \$263 million, the regular programme expenditures of some \$190 million represented a significant amount as well. The member went on to remark that co-ordination of UNDP-financed programmes with those of the regular programmes should be an easy task within the respective agencies. Consequently, he expressed his disappointment at the lack of information in the summary statements regarding that matter. He suggested that the Administrator provide for the inclusion of such information in the summary statements for the next report.

554. Another member, speaking for several other members as well, supported this suggestion and proposed further that the UNDP include in the Administrator's note suggestions as to how co-ordination between the regular and the UNDP-financed programmes might be improved. He pointed out that the major advantage of the report was its contribution to developing more effective co-ordination of the respective programmes and such additional information would be appreciated. Referring to paragraph 6 of the Administrator's note, the member stated that in view of the fact that nearly half of the total regular programme expenditures were directed to the health sector, the joint WHO/UNICEF study on alternative methods of health care might have been given a more comprehensive coverage.

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555. Another member referred to his Government's intention to seek election to the Executive Board of UNICEF and stated that among the reasons for doing so was to improve co-ordination of that organization's programme with the activities of UNDP. Providing developing countries with assistance better suited to their needs should be a paramount objective of all United Nations development system organizations, he said.

Decision of the Governing Council

556. At its 490th meeting, the Governing Council took note of the information on the regular programmes of technical assistance in 1974 of the specialized agencies and the International Atomic Energy Agency (DP/123 and Corr.1) and of the observations made during the discussion.

CHAPTER XIV

STANDARD AGREEMENT WITH GOVERNMENTS

557. Under item 8 of its agenda, the Governing Council had before it a report (DP/107 and Corr.1) which embodied the text of the UNDP Standard Basic Agreement with Governments, explanations of some of its provisions and information on Governments that had signed it.

558. Updating the information in the report, the Deputy Administrator (Programme) in introducing the item to the Council, informed the council that 23 Governments had signed the Agreement to date and 10 others had accepted the Agreement in principle and were on the verge of signing it.

559. The Deputy Administrator (Programme) recalled that the current discussion was a continuation of one initiated at the previous session, in which the Assistant Administrator, of the then Bureau of Administration and Finance, had dwelt at length on the reasons why the executive heads of UNDP and its predecessor programmes had always followed a policy of using standard agreements with Governments. ^{24/} The Deputy Administrator described the Standard Basic Agreement as a recital of a relationship between the whole and one of its parts, in which the Administrator acted for the whole. The recent trend of signatures and acceptances indicated that the Administrator had for the most part succeeded in a difficult task. He would have liked to present the Council with a longer list of signatories, but felt that Governments must have an opportunity for an unhurried consideration of its terms and must feel comfortable with them. That was more important than having an instant list of 100 signatories. Conscious that Governments invited to sign the Agreement took the exercise very seriously, the Administrator did likewise. He did not regard the Standard Agreement as a perfect document, and was aware that it could soon well be overtaken by events and require revision. In the meantime, he hoped it would be received in the spirit in which it was prepared, namely, to create conditions and promote fruitful co-operation between the parties in the interests of the development effort of the country and to enable them to get on with the job.

Summary of discussion

560. Members of the Council who participated in the ensuing discussion welcomed the initiative taken by the Administrator in consolidating in a single Standard Agreement provisions formerly found in four agreements and project documents. Support was also voiced for the policy of having a standard text, and the opinion was expressed that it should serve as a basis for negotiations with individual Governments, taking into account their individual circumstances. Several members noted with satisfaction that the Administrator attached great importance to the Agreement, and that the principle of national sovereignty was reflected in such provisions of the Agreement as those which stipulated that assistance would be

^{24/} Ibid., Fifty-ninth Session, Supplement No. 2, paras. 166 and 167.

provided only at the request of the Government and that over-all responsibility for UNDP-assisted projects rested with the Government. The members were gratified that such projects were recognized as projects of the Government and not of UNDP or the executing agency.

561. Several members also welcomed the emphasis given in the Agreement to the role of the resident representatives in accordance with the 1970 Consensus.

562. While expressing general satisfaction with the trend of the Agreement, many members agreed with the Deputy Administrator that it would have to be brought in line with decisions taken on new dimensions and any decisions taken by the General Assembly on the New International Economic Order. They also cited provisions which, in their view, would be difficult for Governments to accept unless changed. In this regard, interest centred on the provisions on intellectual property (art. III, para. 8); on facilities of resident representatives and consultants (art. I C, paras. 3, 4 and 5); and on suspension or termination of assistance (art. XI). With respect to intellectual property, support was expressed for the thrust of the standard provision, which was considered to be consistent with the principle of transfer of technology to developing countries, but it was stressed by some members that the rights of ownership of such property should belong to the recipient Government under arrangements which would enable UNDP to make it available to other developing countries. One member mentioned that it was the policy of her Government, representing a developing country, to share discoveries in its projects with other developing countries, and felt that the patent clause in the Standard Agreement should make that possible. Concerning facilities to be granted to consultants, questions were raised as to the extent of the facilities to be granted. Care should be taken that such consultants were not assimilated to the status of Government representatives or international officials entitled to diplomatic privileges and immunities. An explanation was also requested concerning the additional privileges and immunities envisaged for resident representatives. As regards the provision on suspension or termination of assistance, members expressed the hope that the fullest consultation would be undertaken by the Administrator before invoking the provisions of article XI, and they welcomed the assurances given by the Administrator to that effect in paragraph 18 of his paper on the Standard Agreement (DP/107 and Corr.1).

563. One member said that many articles of the Standard Agreement did not conform to the fundamental interests of developing countries. They were basically a reflection of the old international economic order. In its opinion, the Agreement should be redrafted in accordance with the orientation and correct principles laid down by the Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted by the General Assembly at its sixth special session.

564. The question was raised why no provision was included calling for high standards of preference by UNDP and the executing agencies. Moreover, various other suggestions for improvements in the text were offered in the discussion, among them: a specific stipulation on non-interference by UNDP in the internal affairs of the country; the inclusion of definitions of terms; the extension of the provisions of article II, paragraph 4 (b), to cover the staff of the executing agencies in the country; inclusion of references to intercountry and global

projects; a reference to reasonable national security regulations in the Government's obligation to provide information under article IV, paragraph 3; a provision for waiver of immunity for such contractors; a change in article IV, paragraph 5, so that information relating to investment-oriented projects could not be released without previous consultation; a specification in article XII that the venue for any arbitration proceeding would be the country concerned; and inclusion of regular programme activities of agencies in the scope of the Agreement. One member mentioned adjustments in the standard text signed by her Government, which might be considered by other countries. The observer from Turkey requested that the Council's report record that the Agreement was currently under negotiation with his Government and it was having difficulties mainly on two points, namely, the provisions on intellectual property and privileges and immunities.

565. In reply to a question by a member, the representative of a specialized agency stated that his agency adhered fully to the principle that the resident representative was team leader in the country and that the Agreement was applicable to agencies as well.

Observations of the Administration

566. In the response which the Deputy Administrator (Administrative) made at the conclusion of the debate, he stressed that the Administrator's policy of adhering as closely as possible to the provisions of the Standard Agreement in the interests of equality of members did not preclude discussion of its provisions in the light of particular problems for States contemplating its signature and adjustment of those provisions to respond to overriding circumstances in such countries. He could best serve the interests of all the members by continuing the time-proven policy of relying on Standard Agreements, but believed there would always be ample scope for discussion and adjustment of its provisions.

567. Concerning the clause on patents in article III, paragraph 8, he stressed the fact that the only purpose of the clause was to make the benefits of discoveries available to all developing countries and to do so by means of arrangements in which ownership of the discovery would pass into international public ownership. It was admittedly difficult to establish that a discovery was achieved through the sole efforts of a UNDP-financed expert, as contemplated in the clause, but in the only instance in which the question had arisen it had been resolved to the satisfaction of the Government concerned. To turn over the rights to one developing country would constitute a denial of the benefits of the discovery to other developing countries unless provision were made to ensure their availability to such other countries, which would not be an easy task. The Administrator would, however, keep the matter under continuing review and hoped to be in a position to delve deeper into the problem.

568. The Deputy Administrator pointed out, in regard to the clauses on immunities and facilities of consultants, that such clauses merely restated more concisely several provisions formerly found in different instruments, which, because of their multiplicity, were difficult to negotiate and to follow, both for executing agencies and Governments. It had seemed convenient to express the arrangements in the basic document itself to the end that the number of points requiring negotiation on each project might be reduced. The flexibility built into the earlier standard clauses existed in the new ones. As regards the factors which led to the extension of

facilities to consultant firms, the Deputy Administrator pointed out that such firms, when carrying out activities on behalf of UNDP and the executing agencies, acted under the instructions and subject to the directions of the organization concerned and engaged its responsibility. Thus, facilities were intended not for the personal benefit of their employees but for that of the organization which they served and were for the purpose of establishing a climate conducive to speedy and efficient execution of UNDP assistance. Safeguards had consciously and carefully been built into the régime of facilities applicable to UNDP projects, and the Deputy Administrator described them in detail. He further recalled that in all the years in which UNDP and its predecessor programmes had utilized the service of consultant firms, no instance of abuse of their privileges and immunities had ever come to the Administrator's attention. Being ever mindful of the fact that facilities granted to consultants were intended for the benefit of the Government's projects and not for the personal benefit of the individual concerned, he would, of course, take prompt and resolute action in the case of any such abuse.

569. As regards the provision for additional privileges and immunities for the resident representative in article IX, paragraph 3, the Deputy Administrator said that it reflected the representational role of the resident representative and sought recognition of the principle that some additional privileges and immunities would be required to enable him to carry out such a role effectively. However, the clause did not specify any particular privileges and immunities, and therefore afforded Governments a considerable measure of flexibility in its implementation.

570. The Deputy Administrator said that the Administrator himself had recognized the need to bring the Standard Agreement in line with recent developments, to the end that it might remain a living instrument, ever responsive to changing circumstances. He therefore intended to review the text at the earliest appropriate moment in the light of new developments and of statements and comments made during the discussion, and to report back to the Council.

571. Supplementing the statement by the Deputy Administrator, the Chief of the UNDP Legal Service explained that the quality of the performance of UNDP and its executing agencies was regulated by a number of provisions in other instruments. The Administrator was accountable to the Governing Council for all Programme activities and the executing agencies were in turn accountable to the Administrator. The staff of the United Nations and the specialized agencies were subject to a strict régime of professional and personal discipline. Moreover, all the organizations exercised the greatest care in selecting consultants and experts in accordance with the provisions of the 1970 Consensus. The Chief of the Legal Service, in the course of replying to some other points raised in the discussion, emphasized that consultants received functional privileges and immunities only, which were much less than diplomatic privileges and immunities. He also stressed again that UNDP would never terminate a project without the fullest consultation with the Government.

Decision of the Governing Council

572. At its 491st meeting, the Governing Council:

(a) Took note with appreciation of the report of the Administrator on the Standard Agreement with Governments (DP/107 and Corr.1);

(b) Requested the Administrator to revise the draft Standard Agreement annexed to that document in the light of the observations made and suggestions submitted during the debates on that question in the Council or such views of Governments as might be expressed in writing, taking into account the decision of the Council on the future role of UNDP (the new dimensions), as well as any action by the General Assembly on multilateral technical co-operation and future decisions of the Council on the draft Statute of UNDP, and to present the revised text of the draft Standard Agreement to the Council for its consideration at the twenty-second session.

CHAPTER XV

DATE AND PROVISIONAL AGENDA OF THE TWENTY-FIRST SESSION

573. Under item 12 of its agenda, the Governing Council considered the recommendation of the United Nations Committee on Conferences with respect to the venue of its sessions in 1976 as well as the provisional agenda of its twenty-first session.

574. With respect to its sessions in 1976, four members took the position that the Governing Council should, in accordance with its rules of procedure, continue to hold its January session in New York and its June session at Geneva and one favoured holding both sessions in New York.

575. Accordingly, the Governing Council decided at its 491st meeting to hold its twenty-first session in New York from 15 to 30 January 1976, with a further meeting, if necessary, on 2 February to consider its draft report on the session. It also decided that the Budgetary and Finance Committee and the Committee on Technical Co-operation among Developing Countries, established by the Governing Council at its eighteenth session pursuant to the recommendation of the Working Group on Technical Co-operation among Developing Countries endorsed by the General Assembly in its resolution 3251 (XXIX), would convene in New York on 12 January 1976. With respect to its twenty-second session in June 1976, the Council decided to meet at Geneva unless it received an invitation to meet elsewhere.

576. The Council considered its provisional agenda for its twenty-first session and agreed to postpone consideration of the draft Statute for UNDP to a later session, to be decided at the twenty-first session.

577. At its 491st meeting, the Governing Council agreed on the following provisional agenda for its twenty-first session:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Country and intercountry programming and projects, including procedures for approving country programmes and the Administrator's report on cost-sharing.
5. United Nations Revolving Fund for Natural Resources Exploration.
6. Programme resources and indicative planning figures for 1977-1981 and authority of the Administrator to approve projects.
7. Technical co-operation among developing countries.

8. Assistance to colonial countries and peoples.
9. Assistance to the drought-stricken areas of Africa and adjacent areas.
10. Budgetary, financial and administrative matters:
 - (a) Financial outlook of UNDP through 1976;
 - (b) Cost measurement study;
 - (c) General outline of budget estimates for the year 1977;
 - (d) Custodianship of UNDP funds;
 - (e) Audit reports;
 - (f) Global procurement arrangements;
 - (g) Short-term consultants;
 - (h) Report on the 1976 budgetary requirements including the reductions in posts and postponements in reclassifications approved at the twentieth session.
11. United Nations Fund for Population Activities.
12. Action taken in 1975 by organs of the United Nations and related agencies.
13. Report of the Administrator on the Council's work and arrangement of business.
14. Other matters.
15. Date and provisional agenda of the twenty-second session of the Governing Council.
16. Draft report of the Governing Council to the Economic and Social Council at its sixty-first session.

ANNEX

REPRESENTATION AT THE TWENTIETH SESSION

Members of the Governing Council

Argentina, Austria, Belgium, Brazil, Bulgaria, Canada, Central African Republic, Chad, Chile, China, Cuba, Dahomey, Denmark, Finland, France, Germany (Federal Republic of), Ghana, Guyana, Hungary, India, Indonesia, Iran, Italy, Jamaica, Japan, Kuwait, Lesotho, Malawi, Malaysia, Malta, Morocco, Netherlands, New Zealand, Niger, Norway, Pakistan, Philippines, Peru, Poland, Somalia, Sri Lanka, Sudan, Sweden, Switzerland, Togo, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

States represented by observers

Australia, Bahrain, Bangladesh, Bolivia, Burma, Colombia, Egypt, Ethiopia, Gabon, German Democratic Republic, Guatemala, Honduras, Iraq, Ireland, Israel, Ivory Coast, Kenya, Lebanon, Liberia, Libyan Arab Republic, Luxembourg, Madagascar, Mauritius, Mexico, Mongolia, Nigeria, Oman, Portugal, Qatar, Republic of Korea, Romania, Sierra Leone, Spain, Syrian Arab Republic, Trinidad and Tobago, Tunisia, Turkey, Uganda, Uruguay, Venezuela, Yemen, Yugoslavia, Zambia.

United Nations and related bodies

United Nations Secretariat, United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Environment Programme, United Nations Fund for Population Activities, United Nations Industrial Development Organization, United Nations Volunteers, United Nations Council for Namibia, United Nations Disaster Relief Organization.

Specialized agencies

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

Other intergovernmental organizations

African Development Bank, Arab Fund for Economic and Social Development, European Economic Community, Inter-American Development Bank, International

Secretariat for Volunteer Service, Organization of African Unity, Organization of American States.

Non-governmental organizations

International Council for Voluntary Agencies

African nations liberation movements

African National Congress (ANC), African National Council (Zimbabwe), Frente de Libertação de Mocambique (FRELIMO), Frente Nacional para a Libertação de Angola (FNIA), Front de libération de la Côte des Somalis (FLCS), Movimento de Libertação de São Tomé e Príncipe (MLSTP), Movimento Popular de Libertação de Angola (MPLA), Mouvement de libération de Djibouti (MLD), Mouvement de libération nationale des Comores (MOLINACO), Pan Africanist Congress of Azania (South Africa), (PAC) Partido Africano da Independência da Guiné e Cabo Verde (PAIGC), Seychelles Liberation Movement (Seychelles Democratic Party (SDP) and Seychelles People's United Party (SPUP)), South West Africa People's Organization (SWAPO), União Nacional para a Independência Total de Angola (UNITA).

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