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UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

EIGHTEENTH SESSION

(5-24 June 1974)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FIFTY-SEVENTH SESSION

SUPPLEMENT No. 2A

UNITED NATIONS



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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.

E/5543/Rev.1

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INTRODUCTION

1. The Governing Council held its eighteenth session at the Philippine Village Hotel in Manila, Philippines, from 5 to 24 June 1974.
2. The Council's Budgetary and Finance Committee met from 6 to 18 June, also at the Philippine Village Hotel, to consider administrative, budgetary and financial matters referred to it by the Council.
3. The present report was adopted by the Governing Council at its 442nd meeting, on 24 June 1974, for submission to the Economic and Social Council at its fifty-seventh session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).
4. At the conclusion of the substantive discussions, the Governing Council expressed its deep appreciation for the warm hospitality extended to all participants in the session by the Government and people of the Philippines.

CHAPTER I
ORGANIZATION OF THE SESSION

Attendance

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

Opening of the session

6. His Excellency, Mr. Ferdinand E. Marcos, President of the Republic of the Philippines, delivered an address to the Council at the opening of the session. The address by H.E. President Marcos followed a statement by Dr. Carlos P. Romulo, Secretary of Foreign Affairs of the Republic of the Philippines, a message by the Secretary-General of the United Nations delivered by the Administrator of UNDP, Mr. Rudolph Petersen, and a statement by the Administrator. For these statements, see annex II to this report.

Election of Officers

7. In view of the re-assignment of the Rapporteur of the Budgetary and Finance Committee, Mr. Arun Abhyankar (India), who was therefore unable to attend the session, a new Rapporteur, Mr. Seifollah Sadghi-Yarandy (Iran) was elected for the eighteenth session.

Agenda

8. At its 419th meeting, the Governing Council adopted the following agenda for its eighteenth session:

1. Opening of the session
2. Adoption of the agenda (DP/41; DP/52; DP/55/Rev.1; DP/67 and Corr.1)
3. Country and intercountry programming and projects (DP/43; DP/58)
 - (a) Consideration, in private meetings, and approval by the Council of individual country programmes and projects recommended by the Administrator

<u>Country</u>	<u>Document symbols</u>
Bangladesh	DP/GC/BCD/R.1 and DP/GC/BCD/R.1/ RECOMMENDATION;
Bhutan	DP/GC/BHU/R.1 and Corr.1 and DP/GC/BHU/R.1/RECOMMENDATION;
Czechoslovakia	DP/GC/CZE/R.1 and Corr.1 and DP/GC/CZE/R.1/RECOMMENDATION;
Mongolia	DP/GC/MON/R.1 and DP/GC/MON/R.1/RECOMMENDATION;
Tunisia	DP/GC/TUN/R.1 and Corr.1 and DP/GC/TUN/R.1/RECOMMENDATION and Corr.1 (French only) and Corr.2
Derestriction of country programme documents (DP/72)	

- (b) Proposals on criteria and illustrative calculations of regional indicative planning figures for 1977-1981 (DP/59)
4. Budgetary, financial and administrative matters:
 - (a) Financial outlook of UNDP, 1972 to 1976, and comprehensive report on financial activities during 1973 (DP/56 and Corr.1 (English only)) and audit reports for the previous year (DP/42)
 - (b) Budget estimates for the year 1975 (DP/61 and Corr.1 (English only) and DP/61/ANNEXES (Chinese, French, Russian and Spanish only); DP/62; DP/64)
 - (c) Report on agency overhead costs (DP/65)
 - (d) Custodianship of UNDP funds (DP/50 and Add.1)
 5. Annual report of the Administrator for 1973 and report to the Economic and Social Council for its comprehensive policy review of operational activities throughout the United Nations system (DP/48 and Corr.1 and 2; DP/48/Annex I; DP/48/Annex II; DP/49 and Corr.1; DP/66; DP/70)
 6. United Nations Capital Development Fund (DP/57 and Add.1)
 7. United Nations Revolving Fund for Natural Resources Exploration (DP/53 and Corr.1 (French only))
 8. United Nations Volunteers (DP/63 and DP/63/Add.1; DP/48, paragraphs 353-366)
 9. United Nations Fund for Population Activities:
 - (a) Suggestions on fund raising and request for approval authority (DP/46);
 - (b) Work Plan 1974-1977 (DP/47 and Corr.1 (English only));
 - (c) Annual report by the Executive Director (DP/44 and Corr.1) and Summary of allocations in 1973 (DP/44/Add.1 and Corr.1);
 - (d) Criteria for project approval (DP/45);
 - (e) Budget estimates for the administrative and programme support services of UNFPA for the year 1975 (DP/51) and the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) thereon (DP/68); and
 - (f) Projects and country agreements recommended for approval (DP/FPA/1; DP/FPA/1/Add.1 and Corr.1; DP/FPA/1/Add.2; DP/FPA/1/Add.3; DP/FPA/1/Add.4; DP/FPA/1/Add.5; DP/FPA/1/Add.6; DP/FPA/1/Add.7; DP/FPA/1/Add.8/Rev.1; DP/FPA/1/Add.9 and Corr.1; DP/FPA/1/Add.10 and Corr.1)
 10. United Nations technical co-operation activities (DP/RP/15)

11. Information papers on the regular programmes of technical assistance in 1973 of the specialized agencies and the International Atomic Energy Agency (DP/54 and Add.1 and Add.2)
 12. Report of the Working Group on Technical Co-operation among Developing Countries (DP/69; DP/71)
 13. Assistance to the drought-stricken area of Ethiopia (DP/60)
 14. Consideration of the Standard Agreement with Governments
 15. Date and provisional agenda for the nineteenth session of the Governing Council
 16. Draft report of the Governing Council to the fifty-seventh session of the Economic and Social Council (DP/L.295 and Add.1-4; DP/L.296 and Add.1-2; Add.3 and Corr.1 and 2; Add.4 and Corr.1; Add.5 and Corr.1; Add.6-7; DP/L.296/ANNEX I and Corr.1)
9. At its 419th meeting, the Governing Council decided that, in view of the time needed for preparatory work in connexion with item 14, which was included in the agenda following a proposal made by one member at the same meeting, this item would merely be listed on the agenda for the eighteenth session on the understanding that it could only be taken up substantively by the Council at its nineteenth session.
10. At the same meeting, on the recommendation of the Administrator (DP/50/Add.1), the Governing Council decided to postpone consideration of item 4 (d) on the custodianship of UNDP funds.

Summary records of meetings

11. The summary records of the meetings of the eighteenth session of the Governing Council were ~~issued~~ as documents DP/SR.418-442.

Private meetings

12. The Council held three private meetings to consider the five country programmes recommended to it for approval by the Administrator under item 3 (a) of the agenda.

CHAPTER II

COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

13. Under item 3 of its agenda, the Governing Council considered the following:

(a) Five country programmes;

(b) A note by the Administrator on the management of programme expenditures in relation to indicative planning figures (IPFs); and

(c) Proposals by the Administrator on criteria and illustrative calculations of regional IPFs for 1977-1981.

14. No UNDP projects were submitted to the Governing Council for approval under item 3 (a) of the agenda.

A. COUNTRY PROGRAMMES

15. The five country programmes submitted to the Council under sub-item 3 (a) were those for Bangladesh, Bhutan, Czechoslovakia, Mongolia and Tunisia. Following discussion in private meetings of the individual country programmes, all of them were approved by the Council at an open session.

Summary of discussion

16. After the Council approved the country programmes without objection (see paragraph 17), two Observers addressed the Council at the invitation of the President. They expressed the sincere appreciation of their Governments for the approval of the country programmes for Bangladesh and Mongolia. They noted that the assistance provided through the United Nations development system had been a valuable supplement to their countries' development efforts. One Observer stated that as his country moved from concentrating its resources on relief and rehabilitation programmes, the technical assistance made available through UNDP would assume greater importance. The other Observer expressed the hope that UNDP's total resources during the 1977-1981 period would enable his country's IPF to be proportionately augmented.

Decision of the Governing Council

17. At its 421st meeting, the Governing Council:

(a) Approved the proposed UNDP country programmes for Bangladesh, Bhutan, Czechoslovakia, Mongolia, and Tunisia within the limits of each country's approved indicative planning figure and for the duration of the respective programme periods;

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

B. MANAGEMENT OF PROGRAMME EXPENDITURES
IN RELATION TO INDICATIVE PLANNING FIGURES (IPFs)

18. Introducing document DP/58, the Deputy Administrator (Programme) stated that, at the seventeenth session, he had called the Council's attention to the practical problem concerning the need for flexibility in the management of programme expenditures in relation to IPFs between one planning cycle and the next. Since the development process in all countries was a continuous one, 1977 - the first year of the second development cycle - could not be regarded as an altogether new starting point in development activities.

19. The Deputy Administrator stated that the IPF did not refer to programming but to expenditures and that it would seldom if ever be possible to achieve a particular level of expenditures by a particular point in time. It was, therefore, in the interests of realism combined with equity that countries should be able to spend a little less or a little more than their 1972-1976 IPF by the end of 1976 and that the difference should be carried forward into their IPF for the next cycle. Moreover, there were several countries, particularly least developed countries, whose 1977-1981 IPFs were likely to be increased substantially compared with corresponding 1972-1976 IPFs, and flexibility in expenditures - with the possibility of some overexpenditure - was necessary to allow for a smooth transition in their activities from one cycle to the next. On the other hand, there were several countries where, with the best will in the world, some underspending was inevitable. He felt that, with authority to carry forward in the case of underexpenditure, unnecessary haste to consume resources would be avoided and the stress on quality of implementation would be maintained.

20. The Deputy Administrator emphasized his awareness that the utmost caution was required in exercising flexibility in the management of expenditures and that certain safeguards would have to be employed, including taking account of the probable size of a country's 1977-1981 IPF. The IPF was, as the term itself implied, only an indicative figure which need not necessarily be translated into an absolute figure. Thus, IPFs might have to be suitably adjusted across the board at some future time depending on the level of available resources at the material time. But this possibility of across the board adjustment did not vitiate the need for flexibility from one cycle to the other; it would affect only the starting point for credits or debits to the next cycle.

21. The Deputy Administrator stated that a specific Council decision was required on flexibility in the management of expenditures for country activities and, as indicated in paragraph 9 of DP/58, for intercountry activities as well as those covered by the \$35 million approved for special measures for the least developed countries.

Summary of discussion

22. There was a general endorsement by the Council of the need for flexibility in the management of expenditures in relation to IPFs - for both country and intercountry activities - and the Administrator's proposals on the matter (DP/58) were, therefore, welcomed by several members. Most members considered that the Administrator's proposals on the subject were timely, realistic, reasonable and pragmatic and that they would enhance continuity in UNDP's development activities. It was, moreover, generally agreed that the proposals would enhance the efficiency of the Programme.

Some members stated that the experience of their own bilateral assistance programmes confirmed the Administrator's views; the Council should therefore formally approve the recommendations of the Administrator. Several members felt that such approval was necessary at the present session.

23. The endorsement of flexibility in expenditures above or below the IPF was generally made conditional on the requirement that the pattern of equity in resource allocation established by the Council must at all times be maintained. One member felt that the Administrator should further define his guidelines on the transition from one development cycle to the next and, taking into account the discussions at this session, report his final recommendations to the nineteenth session of the Council. Another member objected strongly to this as he did not see the need for the delay.

24. Supporting the Administrator's proposal regarding the carry-over of unspent balances into the next IPF cycle, most members considered that the full amount unspent must be available to the country in question. It was felt that a recipient country should not be penalized for less than full and timely delivery of its projects. One member was deeply concerned that the proposals in DP/58 might result in the Council postponing consideration of delivery problems facing countries with limited absorptive capacity. Another member was concerned lest the proposals should result in such countries suffering any disadvantages as a result of over-expenditure allowed to countries with higher absorptive capacity. Some members hoped that their agreement to the proposals would not provide an excuse for lower rates of implementation. Some members suggested that there be a limit on the amount of unspent balances that could be carried forward, while one member felt that a time limit should be imposed beyond which such unspent balances would revert to central resources.

25. In support of the proposal for expenditures in excess of the 1972-1976 IPFs, several members stressed the need for caution, and close financial control. This proposal was regarded as presenting a number of problems which must be overcome. Various views were expressed as to the countries which might take advantage of this facility. Some members felt that all countries should be allowed the possibility of over-expenditures. Others felt that priority should be given to those countries whose IPFs were likely to increase substantially between the first and second development cycles and especially to the least developed countries. One member considered that over-expenditures should not be allowed to countries whose 1977-1981 IPF would be equal to their 1972-1976 IPFs.

26. Some members also suggested that there should be a ceiling on the possible extent of over-expenditures. While many members considered that the determination of such a ceiling should be left to the judgement of the Administrator, some members believed that a ceiling of 10 per cent above the current IPFs might not affect the liquidity of the Programme. Another member specified a ceiling of 5 to 10 per cent. One member stated that he wanted a ceiling so as to ensure that the interests of countries that under-spent were not harmed. Another member considered that permission to over-spend should not be so hedged in with conditions and percentages that it would become unworkable.

27. Some members looked for more information to be able to assess fully the Administrator's proposals and it was suggested that the Administrator should report again to the Council on the subject before the end of the current development cycle. A member stated that appropriate expenditure data by country and by Executing Agency would permit the Council to see if over-expenditures could be justified.

28. Several members referred to the need to over-programme in order to secure expenditure in 1972-1976 at the approximate level of the relevant IPF. One member reviewed the delays experienced in his country in getting delivery on desired projects; delays could not all be ascribed to the developing countries, he stated, and the attainment of continuous development assistance required an in-built system of over-programming.

29. Several members indicated that their support for the Administrator's proposals in DP/58 applied equally to intercountry as to country IPFs, as well as to the sum of \$35 million approved for special measures for the least developed countries.

Observations of the Administration

30. Replying to some points raised in the discussion, the Deputy Administrator (Programme) expressed full agreement with the view that authority to carry over any unexpended portion of the first cycle IPF must not be an excuse for slowing down the rates of implementation. In fact, UNDP was continuously reviewing the situation so as to speed up implementation. He stated that the next annual report would contain country figures on expenditures in 1972 to 1974 and that these data would allay any fears that some countries were, so to speak, being allowed to run away with the money. The intention of DP/58 was simply to seek formal authority for expenditures which inevitably would be a little more or a little less than the IPF and to provide a smooth transition to the next cycle, particularly for countries whose IPFs were expected to increase significantly. The Deputy Administrator urged that the flexibility in management looked for in DP/58 could not be achieved if account had to be taken of all the reservations suggested in the discussion. He considered that it might be counter-productive if ceilings on expenditures were to be imposed.

Decision of the Governing Council

31. At its 433rd meeting, the Governing Council, by consensus:

(a) Took note of the Administrator's note on the management of programme expenditures in relation to IPFs, in document DP/58; of the statements of the Deputy Administrator (Programme); and of the views expressed in the Council;

(b) Approved the principles and recommendations contained therein, including those outlined in paragraphs 4 and 5, provided that the presently determined pattern of the IPF allocations among individual countries was not disturbed; and provided all countries were enabled to spend to the full extent of their IPF during the current development cycle;

(c) Decided to permit the 1972-1976 UNDP expenditures in a country, and primarily in any country whose next cycle illustrative IPF is significantly higher than its present IPF, reasonably to exceed its IPF for the same period provided this was done in accordance with the conditions indicated in paragraph 6 of DP/58;

(d) Authorized the carry forward of any balance of a country's IPF for 1972-1976 which is unspent by end 1976 into the second IPF cycle, always ensuring that every best effort is made to deliver the full IPF by the end of 1976;

(e) Decided that the above provisions would also apply to intercountry IPFs and to the special measures expenditures in favour of the least developed countries;

(f) Requested the Administrator to report to the Council on all relevant aspects of the application of these arrangements, including on the level of estimated first cycle approvals and expenditures and on the principal reasons for under-expenditures during the first cycle along with recommendations to remove these constraints, so as to permit the Council to review the situation as soon as appropriate and in any case before the end of the first cycle.

C. CRITERIA AND ILLUSTRATIVE CALCULATIONS OF REGIONAL
INDICATIVE PLANNING FIGURES FOR 1977-1981

32. Introducing item 3 (b) of the agenda, the Deputy Administrator (Programme) said that this was the first time in several sessions that the Governing Council did not have the discussion of country IPFs inscribed on its agenda. The historic decision on country IPFs at the seventeenth session had made it possible for the Council, on this occasion, to concentrate exclusively on proposals on criteria and illustrative calculations of regional IPFs for 1977-1981. Since this opportunity had been preceded by careful consideration of regional criteria at the two previous sessions, the Council would appear ready to move still further towards a decision on the entire area of UNDP resource allocation.

33. The Deputy Administrator stated that the Executive Secretary of ECAFE had reminded the Council that the attainment of real economic security called for incessant efforts at regional co-operation in Asia, as indeed in all other developing regions. Over the last several years, the United Nations development system had become an invaluable mechanism for facilitating such co-operation. Although the illustrative sum of UNDP monies that might be devoted to regional projects in the next planning cycle was only a fraction of the amount foreseen for individual country activities, nevertheless the absolute amount assigned to regional IPF's was no less than some \$300 million.

34. The Administrator's response to the Council's invitation for proposals on regional IPFs was contained in document DP/59. The document put forward a number of illustrative calculations which were based entirely on the guidelines established by the Council. The Deputy Administrator considered that the wisdom and appropriateness of the guidelines prescribed by the Council was brought out by the fact that the range of results flowing from the various possible interpretations of the guidelines was fairly narrow. According to these guidelines, the principle determinant of regional IPFs should be the respective aggregate country IPFs within each region. In addition, supplementary criteria were to be taken into consideration. For practical considerations, the calculations were based on several quantitative criteria - those, in fact, which the Council had discussed at its earlier sessions and which were listed in document DP/26, submitted to the Council at its seventeenth session. It was a fair assertion, he said, that the use of any additional and relevant criteria - i.e., in addition to those already employed in the calculations - would have produced essentially similar results. In addition to the use of country IPFs and the relevant supplementary criteria, the calculations ensured, as the Council requested, that no regional IPF for 1977-1981 would be below the value for the current cycle. In fact, because of a final minor adjustment, as described in paragraph 11 of DP/59, the 1977-1981 illustrative values were, at least, slightly above the 1972-1976 values.

35. The Deputy Administrator felt that as the Council moved towards a decision on regional IPFs, it might wish to recall its approach to country IPFs at the last session when it decided that it would adopt final figures for the 1977-1981 period in January 1976 on the basis of the latest available data and resource situation at that time. In the case of regional IPFs also, it was perhaps enough at this session of the Council to approve the criteria for regional IPFs used in DP/59, to take note of the illustrative calculations presented by the Administrator, and to permit their use for planning purposes, but defer a final decision on absolute regional IPFs until a later date, presumably January 1976 as in the case of country IPFs.

Summary of discussion

36. Several members recalled the fact that the basis for the present consideration of regional IPFs for 1977-1981 had been established by a decision taken at the seventeenth session of the Council. The Council had then decided that the 1977-1981 regional IPFs would be based on the 1977-1981 aggregate country IPFs for the different regions, as well as on relevant supplementary criteria, in particular the number of least developed countries and land-locked countries in a region, and furthermore that there should be no negative changes in the amount of the regional IPF allocations to the various regions for the period 1977-1981 relative to the 1972-1976 period. They endorsed the suggestion in the Administrator's report (DP/59) that the elaboration of illustrative regional IPFs from the above criteria should be based on a methodology that is both simple and straightforward. They considered that the approach adopted in the report met this requirement and that it was therefore acceptable.

37. Some members expressed their agreement with the basic assumption in the Administrator's calculations that the relative importance of regional IPFs to country IPFs in 1977-1981 should be the same as for the current cycle. One member felt that regional projects should be accorded a relatively greater role in the future and should be equivalent to 16 to 20 per cent of distributed country IPFs rather than 15.47 per cent as at present. The need for such an increase, he felt, had been underlined by the proposals of the Working Group on Technical Co-operation among Developing Countries (DP/69).

38. A wide range of views were expressed in the Council concerning the relative importance to be given to aggregate country IPFs and to the supplementary criteria, respectively, in determining the regional IPFs. Several members recalled their preference for the regional IPFs to be determined only on the basis of each region's respective aggregate country IPFs. They continued to believe that aggregate country IPFs should be the dominant determinant because, *inter alia*, this reflected the necessary emphasis that ought to be given to the influence of population. They referred to the remarks made to the Council in this connexion by the Executive Secretary of ECAFE. They felt that adequate attention had already been given to the relevant supplementary criteria in the determination of the country IPFs. Several other members considered it preferable not to put too much weight on the factors of population and per capita GNP and felt that more attention needed to be given to supplementary criteria than was the case for country IPFs. One member would have preferred to see the supplementary criteria given a 30 or 40 per cent weight rather than the maximum of 25 per cent shown in table 1 of DP/59.

39. In the discussion of the six supplementary criteria included in the Administrator's calculations, one member recognized that a perfect choice of criteria was impossible but believed that an approximate solution was better than no solution at all. Some members considered that regional IPFs should be based mainly on factors such as the capacity of a region to carry out programmes of regional co-operation since those regions which possessed adequate interregional structures were in a position to put regional IPF allocations to better use. Other members opposed such an idea. Other supplementary criteria suggested by various members as relevant in the calculation of regional IPFs included: the number of countries in a region likely to attain independence in the near future; the number of sea-locked countries in a region; and the relative absolute number of countries that comprised the various regional groups.

40. There was general agreement that special attention should be given to the number of least developed and land-locked countries in a region.

41. Several members indicated their satisfaction that the calculations reflected the Council's earlier decision that there should be no negative changes in regional IPFs between the first and second cycles. One member reminded the Council that, because of the high level of inflation in recent years, an unchanged regional IPF for Latin America between the cycles in fact involved a real decline in its allocation. Another member felt that the decision against any negative changes resulted in an injustice for his region which would have obtained a higher figure in relation to another region on the basis of other criteria alone.

42. One member queried the introduction into the determination of regional IPFs of the "final adjustment factor", involving \$5 to \$11 million, as described in paragraph 11 of DP/59.

43. In reviewing the Administrator's various calculations, several members, noting that the alternatives shown in table I of DP/59 did not result in substantial differences, indicated their willingness to go along with whatever option was acceptable to the Council as a whole. Others could accept two or three of the four alternative methods shown in that table. It was generally recognized that the options giving more weight to the aggregate country IPFs favoured the region with greatest population, while those giving more weight to supplementary criteria favoured the region with a greatest number of least developed and land-locked countries. This latter region also received more favourable treatment if the "square of the rank" was applied as opposed to "simple ranking" for the supplementary criteria. While each of the four options in table I attracted some members, a number of members indicated their preference for an intermediate option, namely, of 85 per cent according to aggregate country IPFs and 15 per cent according to supplementary criteria. One member preferred this option together with "simple ranking" for the regions since this resulted in equal regional IPFs for both Africa and Asia. Other members preferred the use of the same figures with the "square of the rank" because this gave added attention to the least developed countries. Other members stated their preference for the "simple ranking" formula because they felt that the Council should not give excessive importance to such an arbitrary element as ranking. Several members wondered whether it was not too early to come to a specific decision on this subject at the present session.

44. Some members were particularly concerned about the regional IPF for the Europe, Mediterranean and Middle East region. They pointed to the lack of homogeneity of the region, which contained countries from three continents and three United Nations regional commissions and from two quite different areas, i.e., Europe and the Middle East. It was felt by some that the present composition of this region was to the disadvantage of its two least developed countries - Sudan and Yemen - which required special and urgent assistance. Some members suggested that the allocation of the IPF for the region should give particular attention to these countries. Several other members referred to the fact that in this region there were, also, a large number of countries that would soon reach net contributor status and said that they would, therefore, have preferred to see the region's share of total regional IPF resources remain at its 1972-1976 level of 11 per cent rather than rise to 14.5 to 16.1 per cent, the balance being allocated to the African and Asian regions. One member believed that the 14.5 to 16.1 per cent share allocated to the region was inadequate.

45. One member called attention to the implications for the required growth rate in voluntary contributions of the aggregate amount stated in DP/59 for distribution for regional activities - i.e., \$300 million. He would have preferred allocating an amount requiring the assumed 9.6 per cent annual growth rate in voluntary contributions. Some members recalled the Council's intention to consider the over-all allocation of resources for all purposes at its nineteenth session. Several members referred, also, to the fact that any allocations of regional IPFs at this time were merely provisional since final figures would depend on the latest data that would be available in January 1976.

46. One member said that the decision to be taken by the Council would be accepted with the greatest reluctance by the delegation. He understood the agreement therein as final and, consequently, it would not be able to accept any further decrease in the total value and the percentage value of the regional IPF for Latin America.

Decision of the Governing Council

47. At its 433rd meeting, the Governing Council adopted the following decision by consensus:

The Governing Council,

Having considered the item entitled "Proposal on criteria and illustrative calculations of regional indicative planning figures for 1977-1981";

Recalling its decision on this question at its seventeenth session in paragraph 77 of E/5466;

(a) Noted with appreciation the proposals submitted by the Administrator in document DP/59 and the comments made by him thereon;

(b) Accepted the criteria and the methodology for the purpose of calculating regional indicative planning figures for the 1977-1981 period as contained in document DP/59;

(c) Recommended that the Administrator use illustrative individual regional indicative planning figures calculated on the basis of 85 per cent shared according to the 1977-1981 aggregate country IPFs for the different regions and 15 per cent according to the supplementary criteria measured by the square of the rank, as guidelines for the purpose of forward planning, taking into account the comments made thereon.

(d) Decided to adopt final regional indicative planning figures for the 1977-1981 period in January 1976 on the basis of the latest available data and resource situation; and

(e) Requested the Administrator to submit to the nineteenth session his views and proposals on the over-all growth in resources for UNDP activities in 1977-1981 and on their distribution in support of all field programme activities, including for global and interregional projects and for the Programme Reserve; and for UNDP administrative and programme support and for agency overhead costs.

CHAPTER III

REPORT ON THE ACTIVITIES OF UNDP IN 1973

48. Under item 5 of its agenda, the Council had before it the annual report of the Administrator for 1973 (DP/48 and annexes I and II) which, reflecting the Administrator's intention expressed at the sixteenth session of the Council to prepare a more comprehensive and in-depth review, presented in nine chapters a wide-ranging and detailed summary of the Programme's activities during the year. The report included an overview of the Programme's record, a summary of policy guidelines and operational procedures, a quantitative account of project implementation, qualitative analyses of field work carried out in the various regions as well as of interregional and global projects, and a summary of special activities and programmes. The Council also had before it a supplementary report on action taken by UNDP on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (DP/66).

49. In addition, under the same agenda item, the Council had before it a report by the Administrator on "UNDP and the International Development Strategy" (DP/49) submitted in connexion with the Governing Council's report to the Economic and Social Council for the latter's comprehensive policy review of operational activities throughout the United Nations system. ^{1/} The Governing Council's report on this question is the subject of Chapter IV of the present report.

A. REPORT OF THE ADMINISTRATOR FOR 1973

50. Introducing the Administrator's annual report, the Deputy Administrator (Programme) noted that, in the context of the Administrator's opening statement and in accordance with the expressed wishes of the Council, DP/48 presented a more comprehensive account of the Programme's activities than had been the case in the past. He indicated that a more concise and even more policy-oriented report would be prepared for the Council's consideration in the next year. He also drew the Council's attention to a condensed and illustrated version of the report which had been published for public circulation.

51. With regard to the official, working version, contained in DP/48 and its annexes, the Deputy Administrator had four brief observations. First, he stated that the document had been prepared on the basis of provisional data. Secondly, he pointed out that Chapter I of the report presented not only a broad outline of the Programme's qualitative and quantitative performance in 1973, but also a discussion of the main trends and policy issues facing the Programme in that year. Thirdly, he expressed the hope that members would take special note of the quality of the Programme's activities as described in Chapters IV to VIII, detailing projects and performance by region. And, finally, he stressed the importance of that section of the report entitled "Review of Country Programme Experience" (see section B below) and of document DP/49 regarding UNDP's role in the International Development Strategy (see Chapter IV).

^{1/} Economic and Social Council Decision 3 (LVI) of 10 January 1974.

Summary of discussion

1. General observations

52. Virtually every member of the Council praised the high quality of the Administrator's report, describing it as comprehensive, informative, analytical and perceptive. It provided the Council with the detailed documentation required to assess intelligently UNDP's contribution to the development effort. Several members welcomed the report's frank discussion of the problems facing UNDP and they described as reassuring the capacity for self-criticism displayed in the document. At the same time, other members pointed out that future reports should highlight even more the problems and difficulties facing the Programme, which were, after all, a prime concern of the Council. Many members expressed satisfaction with the condensed, illustrated version of the report prepared for public distribution. Some members expressed concern that DP/48 was more descriptive than analytical in its discussion of Programme activities and that it tended in places to present too optimistic a view both of the resources situation and of the Programme's role in the development effort. Members generally welcomed the assurance of the Deputy Administrator (Programme) that future annual reports would focus more sharply on key policy issues facing the Administration.

2. Role of the Council

53. Several members considered the role of the Governing Council in the light of the new comprehensive framework of the annual report. One member cautioned that in future, the presentation of the annual report in the present form should not prevent the Council from having separate agenda items on some of the important subjects covered therein since the consideration of so many issues under the single heading of the annual report could entail the risk of diffusing the Council's deliberations, scattering its policy guidance and inhibiting its detailed scrutiny of specific items. Another member stressed the duty of the Council to establish broad policy and monitor implementation by the Administrator and his staff. The Council further played a key role in assessing implementation bottlenecks. In this connexion, it was suggested that the Council's discussion of country programming during the second development cycle should be limited to general policy issues, with technical comments submitted to the UNDP Administration in writing. Other members cautioned that the Council's broad supervisory responsibilities should not be diluted by a generalized preoccupation with day-to-day policy matters.

3. The global setting

54. Various members endorsed the Administrator's view on structural changes in the world economy stemming from a rise in commodity prices. A number of members expressed disagreement with paragraphs 11 and 12 of the report, which cited the unsettling impact of sharp rises in petroleum prices in particular and tied those rises to an increase in "donor alarm". They said that it was not the petroleum-producing countries which were responsible for the crisis referred to in those paragraphs, since their only aim had been to obtain fair prices for their non-renewable natural resource which had for long been exploited at unrealistically low minimal prices for them accompanied by huge profits for others. Talk of "donor alarm" was, therefore, exaggerated in this context. Nor was it clear that the kind of balanced, expanding international economic environment called for by the International Development Strategy had suffered a setback. Many members agreed that a reduction in development assistance as a result of commodity price increases would be self-defeating. Other members pointed out that the

growing climate of detente was laying the groundwork for an improved environment for UNDP activities and for development assistance efforts in general. One member expressed reservations about UNDP assistance to the Republic of Korea and to the Republic of Viet-Nam, since he considered that such assistance served to increase tensions within those countries.

4. Sixth Special Session of the General Assembly

55. Several members underlined the special significance of the eighteenth session of the Governing Council since it was being held in the immediate aftermath of the Sixth Special Session of the General Assembly. They emphasized that the Special Session, by creating a favourable atmosphere, had given a new impetus to the activities of UNDP.

56. It was stressed that UNDP should gear its activities in the support of the establishment of the New International Economic Order envisaged in the decision adopted at the Special Session. Various suggestions were made in this connexion. It was suggested that UNDP should take stock of the work of the special session, and actively participate and fully collaborate with the other organizations of the United Nations system in the implementation of the Programme of Action, in the spirit of General Assembly resolution 3172 (XXVIII) calling for a Special Session devoted to development and international economic co-operation. UNDP should consider how it could discharge the responsibilities placed on it by paragraph 10 of the Special Programme contained in the Programme of Action adopted by the Special Session.

57. One member suggested that the Governing Council should re-organize its work and streamline its agenda in order to be able to devote more time to general policy matters relating to the Special Session's decisions.

58. Several members stressed the importance of co-ordinating the activities of UNDP with the proposed Special Fund to be established as a part of the Special Measures included in the Programme of Action. One member stressed how undesirable it would be, in his view, for the Special Programme to lead to the establishment of a second UNDP or a second IDA. Some members pointed out that doubts about the possibility of the proposed Special Fund involving duplication with UNDP or IDA were uncalled for and that the outcome of the Ad Hoc Committee should not be prejudged. Another member stated that, while UNDP should participate in the special measures included in the Programme of Action, the main effort of UNDP should continue to be the long-term development of the developing countries.

5. Resources

59. Referring to the decisions reached at the General Assembly's Special Session, many members expressed the view that the increased demands on the United Nations development system, including the role expected of UNDP, would necessitate a steady and continuous growth in the financial resources of the Programme. Although some members regarded the tendency towards a proliferation of special funds as a cause for concern in connexion with the continued financial viability of UNDP, most members considered that recent records in the growth of resources pledged to the Programme demonstrated the continued confidence of Governments in UNDP.

60. While expressing satisfaction at the impressive increase in contributions realized for 1974, several members pointed out that inflationary trends and currency fluctuations had made serious inroads into the real gains achieved and therefore that greater efforts should be made to ensure that the Programme had adequate financial means to carry out its functions. One member suggested that consideration should be given to the launching of a special appeal for funds. Some members referred to General Assembly resolution 3093 (XXVIII) which, if implemented, could lead to substantially increased resources for all development activities.

61. Other members expressed the hope that in addition to greater contributions from all Governments, the number of countries requesting assistance on a reimbursable basis or achieving net contributor status could be significantly increased in the near future. Several members indicated that their Governments' contributions would soon be increased substantially. Some others stated that their Governments anticipated becoming net contributors in the near future but they stressed the importance of ensuring the continuous flow of UNDP technical assistance to all developing countries. Two members pointed out that the voluntary nature of contributions should never be lost sight of and therefore that it was for each Government to determine the nature of its contributions to the Programme.

62. Several members expressed serious concern regarding the fact that the Programme's delivery rate had fallen below expectation. They feared that slower implementation rates could affect the willingness of members to increase their contributions.

6. Programme delivery

63. Several members commented on the slow-down in the delivery of services and equipment in 1973. Some members believed that the problems involved were of a temporary nature, linked to the transition to country programming, and expressed confidence in the ability of the Administration to overcome the situation. Several members stressed their concern over the slow-down in implementation and requested that a thorough investigation be undertaken with a view to prompt remedial measures. A number of members cited, with encouragement, steps already taken by the Administrator to counter lags in implementation and agreed with the Administrator's expressed determination to give absolute priority to delivery and performance problems in the future. Some members asked to know the exact number of projects encountering delays and other difficulties; what steps were being taken to overcome these problems and what the prospects were for speedier implementation in the months ahead. They invited the Executing Agencies to enter into a discussion of these problems with the UNDP Administration. One member expressed the view that while problems of delivery were of critical importance, improvements in the quality of UNDP's work was even more important than quantitative results. The Administrator's report gave clear evidence that the quality of the Programme was rising.

64. One member regretted that the report failed to provide adequate information for a direct comparison between projects approved during the year and actual project expenditures for the same year. There was also no total cumulative report on project approvals and revisions as at the time of reporting, so that a meaningful appraisal of delivery figures could not be easily made. Another member suggested the commissioning of a global study on implementation rates by outside experts whose recommendations would be acceptable to all parties. Many members felt that delivery was the responsibility of all concerned: UNDP, the agencies and recipients. Government representatives on other United Nations bodies therefore had a responsibility to carry the message of urgency to these bodies so that they could all co-operate in the speeding up of implementation.

65. Several members suggested that an important step towards speeding delivery lay in still further delegation of authority to UNDP Resident Representatives. Some members were therefore gratified by the innovative procedures devised by the Administrator to simplify appraisal and approval practices and thereby facilitate faster implementation. One member suggested that Resident Representatives should be granted the authority to approve projects up to a value of \$200,000, instead of the present level of \$100,000. Other members called for greater autonomy for the Regional Bureau Directors, greater uniformity in the working procedures of the agencies, and more direct contracting

and subcontracting by UNDP. Some members urged that Resident Representatives exert more efforts for co-operation and co-ordination with the Executing Agencies, the United Nations regional commissions and host Government authorities. Others suggested that countries which so requested should be encouraged to implement their projects themselves.

66. One member, supported by two other members, suggested that UNDP establish regional headquarters to expedite programme formulation and implementation, corresponding roughly to the geographical areas covered by the Regional Bureaux and headquarters. That member reiterated his Government's offer to serve as the site for the regional headquarters for Asia and the Far East.

67. One member took special note of the Administrator's view that delivery should be given priority consideration as early as the planning stage in country programming and suggested that equal attention should be given to improving the absorptive capacity of the recipient countries. Others felt that the Programme should take special steps to speed the transfer of resources to countries which could best absorb them. A number of members opposed this idea and said that it was even more important to speed assistance to those countries which were in greatest need. No country should be made to suffer because it lacked absorptive capacity. Many members attributed delays in implementation largely to difficulties in the recruitment of experts. One member suggested that preparatory missions should be formed before, and not after, the submission of projects.

68. Several members referred to their countries' experience with delays in delivery. Some noted unnecessary delays in the arrival of experts and the delivery of equipment, and drawn out procedures in the placement of fellowships. One member said that very often an expert arrived at his post, completed his assigned period and left his post before the equipment he needed arrived. In the light of these developments, one member observed that over-programming had become an essential tool for the successful functioning of the Programme in certain countries.

69. Representatives of the Executing Agencies expressed their deep concern with this subject and recounted the various steps being taken in partnership with the UNDP to improve implementation. The representative of WHO pointed out that while delivery problems were not new to the system, the Consensus had ushered in a number of changes and new directions which required re-thinking and adaptation by the agencies. At the same time, his organization was among those which firmly believed that international assistance could not be measured solely in financial terms. Nonetheless, he was encouraged by the simplified project approval process being introduced and viewed with approval other steps taken to decentralize authority. The representative of ITU observed that his organization had not, for budgetary reasons, been able to increase and improve its staff to keep pace with the normal increase in the programme. Inevitably, this affected performance. Referring to the growing capacity of developing countries to carry out projects themselves, the representative of FAO said that substantial changes in the nature of assistance and in management problems had not been fully digested. In general, he noted, it appeared possible to sustain a growing volume of delivery when the rate of approvals was high and when the "carry over" of project funds was also high. The UNESCO representative said that her organization was examining the increased use of short-term experts and the twinning of institutions to pool experts and equipment. A new look at implementation problems and more experimentation were needed to get at the root of delivery problems. The representative of the World Bank stressed that the Administrator's proposal to permit more flexible use of JPFs, which would allow over-programming during a five-year IPT period or a carry over of unspent IPFs, could provide the flexibility needed to overcome basic implementation obstacles.

7. Experts, equipment, fellowships, subcontracts

70. Several members spoke about the need to maintain a high quality in the provision of experts. Some observed that in some cases the personnel chosen were not the best available for their assignments. It was generally recognized that the pressures of time and the highly competitive demand for suitably qualified experts made the provision of the right person for the right job at the right time difficult. Some members felt that bad advice at a low price did not amount to a bargain.

71. The representatives of various Executing Agencies agreed that many difficulties stood in the way of speedy recruitment. The representative of WHO noted that employment conditions offered by the United Nations system were far from competitive in a number of cases. The representative of ITU said that it was becoming increasingly difficult to find experts with appropriate qualifications and, when found, to obtain their release for service in developing countries, whether for short or for long periods. He added that the agencies sometimes faced awkward situations because recipient countries were slow to accept or reject experts offered.

72. A number of members suggested that an appropriate solution to such problems would be to provide adequate and competitive remuneration and benefits, including improved conditions of service, to attract suitably qualified candidates for assignment. One member invited the Administrator to report further on this matter to the Governing Council, indicating the steps being taken to maintain the high professional standards developed so far. Several members indicated that the increased use of short-term, highly qualified and specialized consultants was an increasingly suitable alternative to the current emphasis on long-term contracts. Several members suggested that local project personnel might very often be in a better position than foreign experts to adapt a project to a country's needs. They therefore requested the Administrator to search out and deploy national experts in the developing countries wherever possible. They maintained that such experts were becoming increasingly available in the developing countries.

73. Noting the relative rise in the size of the equipment component of the Programme, several members requested the Administrator to ensure that the training and other components received greater attention so that they did not become a minor adjunct of the Programme designed to support greater equipment imports and operating services. The main task of UNDP lay in the transfer of know-how. Other members pointed out, on the other hand, that it should be noted that a number of developing countries had reached the stage at which they would rather concentrate their requests on needed equipment than on advisory services. Such reduced dependence on external advisory services should be welcomed by the Council in line with its policy of encouraging self-reliance.

74. Several members noted the continuing decline in the number of fellowships awarded. This decline was occurring at a time when the high cost of tuition in the developed countries was forcing some developing countries to reduce considerably the number of fellows sent abroad. It was therefore to be hoped that the downward trend in UNDP's fellowship component would be reversed. Other members suggested that UNDP fellowship policy should concentrate on ensuring the kind of in-depth training required to produce local substitutes for foreign expertise. They felt that it would be regrettable if the Programme's training activities were to be largely confined to short-term courses and familiarization tours.

75. Some members suggested that in the interest of speedier delivery and greater efficiency UNDP should make increased use of subcontracting in the execution of projects. Large-scale studies, in particular, which required a considerable number of experts of varying disciplines, might more effectively be executed on a subcontract basis. The higher costs which might be involved in such an approach were usually more than compensated for by the higher benefits achieved. Other members urged UNDP and the agencies to make greater use of the private firms and contractors in the developing countries for such subcontracting since their knowledge of local conditions and the utilization of local currencies gave them distinct advantages over firms from other countries.

76. A number of members expressed continuing dissatisfaction with the distribution of experts, equipment and contracts by country of origin. Several members felt that the principle of the broadest possible geographic distribution in these matters was not being respected. Many members pointed out that 40 per cent of the number of experts were recruited from only three countries, that half the value of equipment supplied came from three countries, that more than half of all new subcontracts awarded went to firms or organizations in four countries and that half or more of all fellowships were placed in five countries. Several members expressed the view that inadequate use was being made of the services of both the developing countries and of the socialist countries in this connexion. One member expressed concern that a previous request for a study of this issue had not been responded to by the Administration. He asked that the Administrator once again consider, in consultation with the agencies, the usefulness of such a study. He requested that the study should contain a comprehensive presentation of present policies and procedures. It should also examine difficulties encountered in the effort to ensure a wider distribution of the Programme's inputs by source. Other members agreed to the usefulness of such a report. Some members stressed that a more balanced and equitable distribution of inputs, particularly with respect to developing countries, would be in line with the UNDP's objective of encouraging increased technical co-operation among developing countries.

8. Agency relations and agency capacity

77. Several members spoke about the need for enhancing UNDP's relations with other organizations in the United Nations system and the importance of increasing the capacity of the Executing Agencies so that they could deliver projects promptly. While some members expressed the view that improved performance and more timely delivery on the part of the agencies were simply a matter of time in adjusting to the relatively new country programming procedures, there was general agreement that intensified efforts by the Administration to ensure closer co-operation between UNDP and its partners in the United Nations system was crucial to the realization of the Programme's objectives.

78. Several members pointed to the recently concluded negotiations between UNDP and UNIDO regarding arrangements for the SIS programme as an example of fruitful co-operation between agencies. Other members welcomed the steps taken to improve co-operation between UNDP and the Economic Commission for Africa.

79. Several members believed that regular consultations with other organizations in the United Nations system was a positive step towards achieving the unity and coherence required for successful implementation of the Programme's activities. One member recommended intensified consultation through the Inter-Agency Consultative Board (IACB) and suggested that the Council be provided with detailed information on the Board's proceedings. Another member expressed the wish to have more detailed information, on an agency-by-agency basis, regarding the difficulties encountered in

implementation. One member said he would have appreciated a fuller account of the response to General Assembly resolution 2975 (XXVII) on measures to strengthen the Executing Agencies. One member called for unified procedures in all aspects of project execution as an answer to problems posed by cumbersome procedures which varied from agency to agency. He suggested that there should be no hesitation on the part of the agencies to utilize competent outside organizations when their own capacities were strained.

80. While recognizing the technical competence of each agency in its sphere of competence, there was general agreement that leadership in all matters of co-ordination of field activities was clearly the duty of UNDP. Members welcomed the Administrator's resolve to ensure that the Programme's responsibility to harmonize sectoral advice and assistance would be discharged effectively, and several members acknowledged the responsibility of Governments within the respective governing bodies of the agencies to assist in this undertaking.

81. Several members endorsed the expanding activities of UNDP's new Project Execution Division, with specific reference to its practice of subcontracting in order to secure the technical competence required for effective implementation of projects. One member endorsed the Division's 2 per cent overhead costs. Another member suggested that the Administrator's report should deal more fully in the future with the experience gained through this special unit's operations. Two members reminded the Council of the need to preserve the role of the agencies as laid down in the Consensus and several members expressed the view that the Projects Execution Division should intervene only when it was clear that existing United Nations agencies could not be effectively utilized.

9. Experience with country programming

82. Members generally agreed that the system and methods of country programming had proved their merits both in terms of specific projects and in terms of longer-term planning benefits. The Resident Representatives had become more closely associated with the planning process, and fears that countries would demur from revealing their entire development policy had proved unfounded. The Programme had been decentralized, the system of tripartite reviews had been initiated and new criteria for the calculation of country IPFs for the second development cycle had been adopted. At the same time, certain limitations of the country programming system had become more apparent. The process of transition had placed certain strains on the working relationships between UNDP and the Executing Agencies. In the view of one member, it had made it more difficult for the Council to exercise effective supervision, since many members might hesitate to question projects which had been worked out by UNDP experts and sovereign Governments. He suggested that final decisions concerning country programmes should be confirmed as remaining with the Council alone. In addition, programmes should be submitted sufficiently in advance for members to be able to study them in detail and formulate their comments. Finally, the adoption of a country programme should be preceded by a general discussion and debate on the programmes and procedures.

83. One member asked that consideration be given to the role of the sectoral ministries and the agencies in the formulation of country programmes - a role perhaps overshadowed by the central influence of the national planning authorities and the Resident Representatives. One member suggested that the World Bank might play an expanded advisory and supporting role in the process. Another member pledged that his Government's bilateral assistance programme would work closely with UNDP in a unified approach to assistance whenever possible. Referring to the dilemma posed by the sovereign right of the individual countries to define their own priorities, and UNDP's

task of carrying out jointly agreed development policies, another member stressed that the problem must be resolved through close consultations between UNDP and its national partners. Members generally agreed that any major changes in the system at this point would be detrimental to the implementation of UNDP's basic objectives.

10. Sectoral trends

84. With regard to sectoral trends in the distribution of UNDP assistance under country programmes, many members expressed satisfaction with the directions described in the report. They welcomed the continued emphasis of the Programme on such traditional areas of development as agriculture and the development of human resources. A number of members expressed gratification with the rising share of UNDP resources devoted to industrial projects. They suggested that such a trend bespoke a growing measure of self-reliance among many developing countries in such fields as agriculture and human resources and a general movement towards a new phase of technological and industrial development. Other members warned against the danger of too rapid a move towards industrialization. They recommended the development of those branches of industry more immediately tied to agriculture, whose modernization often provided a firm basis for over-all development. Noting the particular importance of the agricultural sector as set forth in the International Development Strategy, several members expressed concern over the trend away from this sector in new project expenditures for all regions except Africa. One member called for clarifications with regard to its impact on agricultural output. Several members expressed interest in the views of the developing countries themselves on this matter, as well as the comments of the representative of FAO. Several members endorsed the proposed increase in the flow of resources to such sectors as international trade and the development of natural resources.

11. Programme trends

85. Many members commented with approval on the three programme trends outlined in the Administrator's report: namely, increased assistance to the least developed countries, increased social content of the Programme, and increased co-operation among developing countries. Several speakers observed that these trends were both consonant with relevant provisions of the International Development Strategy and in line with recommendations of the recent Special Session of the General Assembly. Satisfaction was unanimously expressed regarding the increase in aid to the least developed among the developing countries. Some members urged that even greater efforts should be made in this direction. Several members stated that co-operation with other developing countries as well as increased emphasis on social programmes were prominent aspects of their countries' national development plans. One member, noting the decrease in the share of expenditures for human resources, indicated that a more detailed and explicit analysis of the social content of the Programme's activities would have been welcome. Another member stressed the difficult choices faced by developing countries in having to decide, in many instances, between economic growth and social progress, with the respective risks attendant, to over-emphasis in either area. In this connexion, he underlined the importance of meetings of development planners as well as the application of effective evaluation techniques.

12. Indicative planning figures

86. Several members referred to the decision reached at the seventeenth session of the Council on the criteria for calculating country IPFs and expressed their satisfaction that the allocation of UNDP resources for the period 1977-1981 would be made on a more equitable basis. One member observed that the Administrator in his report had rightly referred to the decision as a milestone agreement and commended both the Council and the Administration for the excellent work and sense of responsibility displayed in dealing so effectively with the matter.

87. Many members welcomed the increase in resources to be made available to the poorest and most populous countries.

88. Hope was generally expressed that the pending decision on regional IPFs would be reached at the present session in a similar spirit of co-operation and mutual understanding.

13. Investment follow-up

89. Some members expressed deep appreciation at the 22 per cent increase in follow-up investments reported over the level of 1972. One member, noting that one-third of the Programme's large-scale projects were investment-oriented and that half of such projects required specific investment follow-up provisions and arrangements, characterized the results achieved so far as rather modest.

90. Regarding the areas in which investment commitments were made during 1973, one member expressed the view that the proportions devoted to agriculture, industry, education and health were inadequate. Another member urged that UNDP should step up its assistance to UNIDO for the purpose of carrying out investment promotion programmes.

91. There was general agreement on the importance of UNDP's investment follow-up activities and the Administrator was encouraged to continue efforts to improve and strengthen the Programme's machinery devoted to this function. A representative of the World Bank concurred in this view.

14. Programme evaluation

92. Various members stressed the need to support country programmes through continuous and systematic evaluation of projects and procedures. Many referred to the close tie between effective evaluation and prompt implementation. Members generally commended the Administrator on the progress made with regard to evaluation measures and particularly expressed their satisfaction with the new system of annual tripartite reviews of projects at the field level. They also endorsed the Administrator's proposals to educate UNDP staff to the requirements of effective technical assistance and to help reorient the organization's personnel and those of its partner organizations to long-term objectives in the field. Various suggestions were made on specific aspects of evaluation procedures. Several members noted that the most important part of effective evaluation procedures lay in their being translated into practical policies so that the lessons learned could be put to future use. In that connexion, one member expressed interest in the possibility of computerizing the data obtained in the evaluation process. Another member felt that an adequate central evaluation staff would be essential if field evaluations were to be translated effectively into improved project design, implementation and follow-up. It was also suggested that the evaluation process might include assessments of the performance of Resident Representatives' offices. In addition, it was important to ensure that the Regional Bureaux were not bypassed in the appraisal exercise, since doing so would jeopardize an important element in the Consensus. The Council itself might consider the important question of evaluation further and in greater depth at a future session. It was also suggested that the Administrator should report to the Council in 1975 with regard to the concrete administrative procedures which had been introduced as a result of evaluation procedures.

15. Administrative questions

93. On the question of recruitment of UNDP staff, both in the field and at headquarters, many members held the view that a greater effort should be made to achieve a more equitable geographical distribution. Several members pointed to the desirability of appointing more qualified nationals from developing countries as well as socialist countries. One member inquired specifically about how the posts of eight Deputy

Resident Representatives had been filled following the promotion of incumbents. Another member, although expressing the appreciation of his delegation for the meticulous selection procedures adopted by the Administration, felt that the failure to fill promptly the post of Resident Representative in his country had had adverse effects on implementation.

94. The increased emphasis on staff training and the intention of the Administrator to strengthen qualitatively the staff of field offices in the least developed countries were welcomed by several members. Several members stressed the need for the application of genuinely professional standards and the importance of the application of appropriate evaluation techniques in assessing the success of training programmes at all levels.

95. One member expressed approval for the establishment of the Office of External Relations and Information. He expressed the view that the version of the annual report which had been prepared for public distribution was an admirable way of meeting the need for public information on the Programme's activities.

16. Activities by regions

96. These chapters in the Administrator's report dealing with specific activities in the respective regions drew the attention of several members of the Council, most of whom supported the emphasis on regional goals and the thrust of Programme operations designed to foster regional and subregional co-operation. Some members commented favourably on the growing trend towards meeting development needs on a regional basis, with particular reference to the gains that might be realized through lower costs and greater trade benefits. One member, citing the different conditions and interests of the countries in the Middle East from those of other countries in the Regional Bureau for Europe, Mediterranean and the Middle East, advocated a more realistic regional organization within UNDP. Another member called for the establishment of regional headquarters in the field for the purpose of expediting the formulation and approval of projects on a regional basis. Several members urged that the Administrator should continue his efforts towards involving the Regional Economic Commissions more closely in the planning and co-ordination phases of the Programme's activities. One member said that his delegation would propose that the Council adopt a resolution calling for greater participation by the Regional Economic Commissions in UNDP activities as well as their utilization, where appropriate, as executing agencies for some UNDP-supported regional and subregional projects. He would also call for full co-ordination of the Commissions' activities with those of UNDP, optimum utilization of the services of the United Nations development advisory teams, and the establishment by UNDP of liaison arrangements at all Regional Economic Commission headquarters.

17. Global and interregional projects

97. Two members commented favourably on the chapter in the Administrator's report which dealt with global and interregional projects. A suggestion was made that in future this section might include an assessment of operational constraints as well as shortcomings in project formulation. The trend towards efforts of broader scope was commended, and the allocation of additional UNDP resources to global and interregional projects was supported.

18. Emergency related activities

98. The section of the Administrator's report dealing with emergency and disaster-related activities drew the attention of several Council members. Several members agreed that it was proper for UNDP to continue to offer assistance in this field. One member stated that aid to those regions where thousands of human beings were dying of hunger should be provided even at the expense of delaying the implementation of medium and long-term programmes. Other members expressed the view that preventive measures should be taken now to obviate, or at least minimize, the effects of such disasters as the Sudano-Sahelian drought. One member called for a special contribution of funds by donor countries for use in disaster-stricken areas.

Observations of the Administrator

99. In his response, the Administrator expressed his personal satisfaction with the high quality of the debate and the care with which members had prepared their remarks. He had taken note with sympathetic appreciation of the generous offer of the Chairman of the Philippine delegation concerning the establishment of a UNDP regional headquarters for Asia and the Far East in Manila. He also noted with interest the suggestion that UNDP sponsor meetings of development planners from recipient countries. In that connexion, he expressed the hope that ministers concerned with development from both developed and developing countries would attend at least part of the Council's June session next year to exchange views and participate in a discussion of Programme policy. That session would be particularly significant in view of the detailed review of country programming to be presented at that time and because it would precede the next Special Session of the General Assembly, in which UNDP intended to play a constructive role.

100. The Administrator stated that he was fully aware that the Governing Council was meeting against the background of important developments following the Sixth Special Session of the General Assembly and that the mandate of the Programme had been broadened as a result. He assured the Council that the new activities emanating from the work of the recent Special Session would receive the full co-operation and support of UNDP. UNDP would follow the work of the ad hoc Committee created for supervising the special measures agreed upon at the session with close attention. Finally, he stated that UNDP proposed to fulfil the role assigned to it in an advisory capacity and would lend every support to the activities under the Special Session's Programme of Action.

101. He expressed the view that in the new environment, the special capacity and experience of UNDP, which were unique in many ways, were likely to be of considerable importance.

102. Turning to the question of resources, the Administrator observed that there could be no room for complacency, despite an improved contributions picture, because of the added responsibilities expected to flow from the Special Session. He therefore took heart from the intention expressed by New Zealand to more than match its recent increase in Programme contributions at the next Pledging Conference. He nonetheless noted that, simply to stay ahead of spiraling inflation and exchange rate fluctuations, the Programme would have to redouble its efforts to assure the resources it required. In this regard, the Administrator had been concerned with the net contributor question and agreed with the Council that an increase in the number of such contributors was to be expected. He was glad to inform the Council that following his visits to Iran, Saudi Arabia and Venezuela, the leaders of each of those countries had expressed their readiness to move into net contributor status. Iran and Venezuela were also invited to avail themselves of the Programme's facilities in furthering their own development co-operation efforts and the response had been positive. Two other oil producing countries which the Administrator also visited and which, admittedly, still had important domestic needs of their own, also indicated their willingness to plan for substantial increases in their contributions to the Programme. These were Indonesia and Nigeria.

103. With regard to equipment purchases and the provision of expert services, the Administrator said that he himself was dissatisfied with the current distribution patterns, although he and his staff had been working to improve them. A new monthly publication, "Business Bulletin", was being issued to Governments and interested firms the world over listing contract opportunities. The Administration was also working closely with the agencies on the problem. Partly as a result of these efforts, the share of developing countries in the supply of equipment had risen from less than 10 per cent in 1972 to almost 14 per cent in 1973, a trend which the Administrator expected would continue. There were also apparent benefits in sub-contracting various kinds of feasibility studies. On the whole, however, there remained a problem of poor synchronization between the agencies and UNDP on general procurement matters. This problem would be tackled in the manner suggested by several members - through an in-depth study conducted on a global scale. That proposal would receive the most serious consideration.

104. Of overriding concern, however, was the problem of implementation. By mid-1972 it was apparent to the Administration that major efforts to improve both project approvals and implementation were required. The first step was to speed the flow of approvals. Steps were taken to improve the situation, and in the first four months of 1974 the approval rate had increased by 56 per cent over the corresponding period in 1973. If that trend continued, approvals in the value of \$390 million would result for 1974 as a whole. The Administration also took steps to improve its monitoring of projects. However, the rate of implementation continued to lag. Intensive reviews were therefore undertaken within UNDP and consultations and exchanges of views were held with the agencies. A follow-up memorandum was dispatched to all the agencies suggesting steps to speed the process of delivery. In the meantime, measures had been initiated to simplify UNDP's own procedures and to further decentralize authority to the field. The Administrator also viewed with sympathy suggestions of Council members that national personnel and institutions of the developing countries take a more prominent role in the execution of projects. He said that this was in line with his own thinking.

105. An analysis of the decline in 1973 delivery must be seen against the background of an average growth rate in the Programme of 15 per cent a year between 1967 and 1972. Not all UNDP field offices had been equally ready to absorb the country programming burden at the same time. Lack of preparation and unfamiliarity with the new procedures were also obstacles for the agencies. Recipient countries had meanwhile changed their procedures quite often and some had divided up their IPFs among their various ministries irrespective of their readiness to use the funds. Developing countries were generally demanding more complex and highly advanced types of projects requiring longer and more careful planning. Other problems, including monetary fluctuations and budgetary stringencies, had been cited by the agencies. The agencies had been co-operating fully in an attack on all these problems.

106. The procedures for financial control of operations also left something to be desired. Generally, the Executing Agencies had overestimated their expenditure estimates, and UNDP was therefore relying less on this information and more on actual expenditures, as its main instrument of financial control. It was also seeking ways of simplifying procedures for reimbursement of the Executing Agencies, which were complex and often very long. The over-all budgetary situation had now stabilized and it was to be expected that the Programme's expansion in the years ahead would involve only minor increases in expenses. These expenses had peaked at 13.9 per cent a year ago but were expected to decline to 12.5 per cent in 1975 and might level off at between 8 and 9 per cent thereafter. Calls for emergency assistance and special missions and services were increasing, however, and the capacity of field offices needed strengthening.

107. Several members had expressed their concern over relations between UNDP and the agencies. In the Administrator's view, the agencies played a dual role in the system. They gave advice and support in their fields of specialization and they executed UNDP-assisted projects in the field. In the former case, the governing bodies of the agencies were accountable; in the latter, UNDP was accountable. The agencies were equally concerned about delivery problems and were working arm-in-arm with UNDP to resolve them. The Programme's two Deputy Administrators were devoting much of their time to establishing closer working relationships with the agencies. The suggestion that IACB reports be made available to the Council would only increase the volume of documentation needlessly, since IACB meetings were only a part of a larger consultation process and since their key conclusions were reflected in other documents, such as the annual report. He nonetheless assured the Council that the Administration would keep it carefully informed on developments in relations with the agencies. He particularly appreciated the view of one member that remedial measures adopted by the Council be followed up by Government representatives in other United Nations bodies.

108. With respect to the proposed comprehensive review of country programming, he welcomed the support expressed by the Council and would take their suggestions into account. He also appreciated the comments of members on programme evaluation. He agreed that the value of such an exercise depended on the way in which it was translated into practice in the field. The evaluation of intercountry programming was especially important because, as one member said, there was need for comprehensive regional and global action to attack problems like the drought in Africa. He agreed that not only the agencies but also the regional economic commissions should be consulted in the intercountry programme review. But he also urged the Council to increase its support for regional and global projects, which he felt were receiving far too small a share of Programme resources. These were the kind of projects which UNDP could do best. They had impact and visibility. He hoped that there could be a major expansion in this area during the next IPF cycle.

109. UNDP was firmly committed to the International Development Strategy. It was working to make the three programme trends discussed in the report - increased assistance to the least developed countries, a greater stress on the social component of field work, increased technical co-operation among developing countries - vital, continuing functions of the Programme. It would do this in close co-operation with the appropriate divisions of the Department of Economic and Social Affairs. He was determined to review and update the assistance being provided in accordance with changing conditions and needs. He also took note of the suggestion that a comprehensive analysis of Programme trends, policies and procedures should be carried out in the context of the mid-term review of the International Development Strategy and the Special Session of the General Assembly planned for 1975.

110. After the adoption of the Council's decision recorded in paragraph 111 below as decision III, one member indicated that he would have preferred to have this decision postponed until such time as the opinions of the Regional Economic Commissions were received and the financial implications for the United Nations regular budget clarified. Another member voiced his concern about the obvious trend towards the scattering of UNDP activities. He wondered, taking into account all the decisions taken, whether the Council was not drifting gradually away from

the Consensus, which had been intended to lead to better harmonization and concentration of the whole United Nations development system under the leadership of UNDP. Recognizing fully the importance of the decision taken by the Council, the same member considered that the new activities envisaged should be regarded as integral parts of the established programme and be carried out with the instruments already available to UNDP.

Decisions of the Governing Council

111. At its 437th, 439th and 441st meetings, the Governing Council adopted the following decisions:

I

The Governing Council took note with appreciation of the annual report of the Administrator (DP/48) and of the comments made during the discussion of the item.

II

The Governing Council

Noting General Assembly resolution 3201 (S-VI) on the Declaration on Establishment of a New International Economic Order,

Noting also General Assembly resolution 3202 (S-VI) on the Programme of Action on the Establishment of a New International Economic Order, and in particular section IX, strengthening the role of the United Nations system in the field of international economic co-operation and section X, Special Programme,

Noting further the statements of the Administrator and delegations on this subject to the eighteenth session of the Council,

Mindful of the International Development Strategy and the First Review and Appraisal,

Conscious of the responsibility of UNDP for responding to the requirements of a New Economic Order and to the tasks conferred upon the United Nations system for development under the Action Programme and the Special Programme,

Stressing the importance in the follow-up of the Special Session of making maximum use of the UNDP machinery, of employing UNDP experience in technical co-operation with regard, inter alia, to programming and allocation of resources and the decision-making process, and of ensuring better co-ordination within the multilateral aid system,

(a) Decided to take full account of the Declaration on the Establishment of a New Economic Order and of the Action Programme, in the full range of UNDP activities, including, in particular, the review of country programming experience;

(b) Fully accepted paragraph 10, section X, of General Assembly resolution 3202 (S-VI) in which UNDP is invited to take the necessary steps, particularly at the country level, to respond on an emergency basis to requests from Governments for additional assistance which it may be called upon to render within the framework of the Special Programme;

(c) Called upon developed countries and other countries in a position to do so to consider making substantially increased contributions to UNDP at the forthcoming Pledging Conference for 1975;

(d) Requested the Administrator

(i) In consultation with the Secretary-General, to initiate in a flexible and expeditious manner the measures necessary to implement paragraph 10 of section X of the Special Programme;

(ii) To contribute actively to the work of the Ad Hoc Committee on the Special Programme and to the activities of the Economic and Social Council on the follow up of that special session and, if need be, to strengthen the UNDP Professional staff for this purpose;

(iii) In accordance with section IX, paragraph 2, of the Action Programme and in view of the Special Session of the General Assembly on development, called for under General Assembly resolution 3172 (XXVIII), to submit to the Council at its nineteenth session his preliminary views and proposals on the contribution which UNDP should make, and what institutional arrangements might be needed in working urgently for the establishment of the New Economic Order;

(e) Further requested the Administrator to report to the Council at its nineteenth session on the measures taken under this decision, and to be taken in implementation of the relevant recommendations of the Sixth Special Session and of the twenty-ninth session of the General Assembly.

III

The Governing Council

Taking into account the views and comments expressed during the discussion of the subject,

Taking into full account the framework of regional and subregional co-operation existing within each region,

(a) Recommended that the Administrator, in co-operation with the developing countries concerned, encourage the participation of the Regional Economic Commissions in the planning and co-ordination of UNDP and UNFPA assistance available for regional and subregional projects within their respective regions;

(b) Recommended that the Economic and Social Council, taking into full account the financial implications involved, consider the feasibility of appropriate arrangements allowing for the delegation of the appropriate functions of executing agency to the Regional Economic Commissions for regional and subregional projects, financed by UNDP, in cases where this is recommended by the Administrator and the countries concerned;

(c) Recommended further that the Economic and Social Council request the Regional Economic Commissions to co-operate with the Administrator of UNDP by participating in the planning and implementation of relevant regional and subregional projects and by ensuring co-ordination with UNDP of their own activities, in particular the activities of the United Nations development advisory teams;

(d) Recommended that the Administrator, upon appropriate arrangements with the United Nations, endeavour to make full use of the expertise available to the Regional Economic Commissions by utilizing them, as appropriate, as executing agents of selected UNDP projects in their respective regions aimed at regional and sub-regional economic co-operation, where this is recommended by the countries concerned;

(e) Urged that the Resident Representatives of UNDP make full use of the multidisciplinary services of the United Nations development advisory teams, as appropriate;

(f) Urged the Administrator to make effective liaison arrangements at the headquarters of all Regional Economic Commissions.

B. REVIEW OF COUNTRY PROGRAMMING EXPERIENCE

112. The Council considered this subject as a part of agenda item 5 on the basis of section B, Chapter II of the report of the Administrator for 1973. This section of the report gave a summary of the arrangements the Administrator had made for carrying out a comprehensive review of country programming experience and included a list of issues to be considered in connexion with the review exercise.

113. Introducing this part of the annual report, the Deputy Administrator (Programme) stated that by the end of the eighteenth session, the Council would have approved all but 10 country programmes of the first UNDP development cycle and, therefore, the attention of UNDP was naturally shifting to the next programme cycle. There had been legitimate concern in the case of the formulation of many country programmes that the system had not been able to take full advantage of the potentialities of the country programming approach. There was also a feeling that, in most cases, country programming had proved to be a highly time-consuming and complex process and had imposed excessive burdens on all concerned. Moreover, in the process of the implementation of country programmes, need had been felt of providing enough flexibility in the programmes in order to take into account the newly emerging needs of the developing countries and to respond imaginatively and adequately to new problems and situations. It was, therefore, important that UNDP should move into the second round of country programming as fully prepared as possible. It was for this purpose that the Administrator, with the encouragement of the Council, had initiated a thorough review of the country programming experience with a view to making suggestions for the best and most practical method of proceeding with country programming in the future.

114. Without prejudging the outcome of the review, the Deputy Administrator felt that the discussions that had taken place so far indicated the desirability of bringing about improvements in the following main directions:

(a) Rationalizing and simplifying the procedures for country programming, particularly in order to take into account different situations prevailing in different countries;

(b) Introducing enough flexibility in the country programmes to be able to meet new requirements and generally to adjust the country programmes to new exigencies and unforeseen situations that might arise;

(c) Whenever possible, identifying the entire technical assistance and pre-investment requirements of the countries so that the country programming exercise could facilitate maximum constructive co-operation with other sources of assistance; and

(d) Instead of trying to establish a direct relationship between the projects in the country programme and sectoral investment programmes of the medium-term plan of the country, identifying technical assistance and pre-investment requirements in the broader context of the long-term development objectives and priorities of the country.

115. The Deputy Administrator informed the Council of the preliminary discussions held on the subject in the April meetings of the Programme Working Group (PWG) and the Inter-Agency Consultative Board (IACB). He then stated that, according to the timetable for the review exercise, an interim report would be prepared at the beginning of September and an attempt would be made to derive the necessary conclusions of the first round of country programming and formulate the specific suggestions and recommendations for programming in the future, by the end of 1974. He further informed the Council that a questionnaire had been circulated to Resident Representatives seeking their views on country programming experience. Finally, he emphasized that in the context of the timetable for the completion of the review, it would be of great importance if the members of the Council expressed their views on the issues listed in the relevant part of the annual report. This would provide valuable guidance for the work being done at UNDP Headquarters and by the agencies. Apart from comments made in the Council, the Administration would also welcome any formal or informal communications on the subject from Governments.

Summary of discussion

116. The Council generally expressed satisfaction with the content and presentation of that section of the Administrator's report for 1973 dealing with the review of the country programming experience. Members endorsed the manner in which the Administrator was proceeding with the review. They attached great importance to the exercise and looked forward with interest to its outcome.

117. One member suggested that the questionnaire which had been sent to the Resident Representatives should be issued immediately to Governments in order to elicit their views on the relevant issues. Another member suggested that consultations with Governments should cover both developed and developing countries. His Government had undertaken a thorough review of its own bilateral programme of assistance to developing countries and would be happy to share with UNDP the conclusions of this review.

118. Members of the Council generally agreed with the Deputy Administrator (Programme) regarding the directions in which it might be necessary to bring about improvements. A number of additional suggestions were made with regard to the issues to be considered.

119. Several members suggested that a thorough scrutiny of the new policies and procedures should be made in order to determine their implications for project approval and delivery. One member suggested that in the review of country programming experience, full account should be taken of the Declaration on the Establishment of a New Economic Order and of the related Programme of Action adopted at the

recent Sixth Special Session of the General Assembly. Other suggestions by various members included the following:

(a) Country briefs and sectoral analyses should be an integral part of the country programming;

(b) The country programme should include projects which extend beyond the programming period;

(c) Whenever possible, greater use should be made of the advisory services of the World Bank and the economic analyses of countries prepared by the Bank and by regional banks, development banks, and the Regional Economic Commissions;

(d) An inter-agency procedure was needed to facilitate concentration of UNDP resources in sectors of highest priority.

120. Some members made specific comments on some of the issues outlined in the relevant part of the Administrator's annual report.

121. Two members did not favour the idea that the country programme should contain an identification of technical assistance needs of the country in broad terms, without specifying projects. They felt that this might result in a programme without real content and might militate against forward planning of project implementation by agencies. Another member thought that the identification of the entire technical assistance requirements of the country was essentially the responsibility of the Government. One member suggested that whenever possible in country programmes, the Programme should encourage the concentration of activities in a few selected areas.

122. Various views were expressed on the advantages and disadvantages of the country programming approach. It was generally agreed that the usefulness of the country programming approach had been amply demonstrated. The results of country programming had, on the whole, been satisfactory, and all the advantages mentioned in paragraph 75 of the Report of the Administrator were noted. One member stated that the transition to the country programming system had been relatively smooth and that there had been relatively few dislocations. The following advantages of country programming were particularly highlighted:

(a) It facilitated the most rational utilization of UNDP resources;

(b) It helped in the establishment of an appropriate link between the national development plan and the UNDP assistance and ensured that UNDP activities were constantly geared to the country's changing requirements;

(c) It contributed to the introduction of long-term planning methods, policies and institutions in developing countries.

123. Several members were of the view that the country programming system had come to stay. There was now an increasing understanding of the system by all concerned and a lot of investment had been made in training the field staff and the staff at the Headquarters of UNDP and the United Nations agencies in the procedures and policies relating to the new system. It would not, therefore, be desirable to embark on further drastic changes of the system at this time. However, all efforts should be made to introduce improvements in the system in the light of experience.

124. In the discussion of the drawbacks of the country programming system, repeated attention was drawn to the recent decline in the rate of implementation of the Programme. It was stated that if this trend continued, it could inflict serious damage on the entire system of country programming and that the justification of the system would depend a great deal on the effectiveness of the steps for improving the delivery of the Programme. In this connexion, some members stated that the decline in the rate of delivery was partly attributable to the inevitable disruption that had been involved in changing over to the new system.

125. Some members expressed concern that the co-operation between UNDP and the agencies of the United Nations system in the formulation of country programmes had not been entirely satisfactory. The importance of improving this relationship was stressed and the efforts recently made by the Administrator for forging a more effective operational relationship between the UNDP and some of the agencies were noted with appreciation. It was suggested that in the second cycle of country programming the UNDP should seek the commitment, right from the beginning, not only of the Governments concerned but also of the Executing Agencies. One of the suggestions made for strengthening the role of the agencies in the formulation of country programmes was to send background papers to them in advance.

126. Members of the Council further welcomed the initiative of the Administrator to undertake a review of the experience in intercountry programming and found the list of issues mentioned in the annual report an acceptable basis for carrying out such a review. Some members emphasized the importance of undertaking long-term planning not only of regional programmes but also of interregional and global programmes. One member suggested that an important aspect to be further examined was how intercountry projects could be so formulated as to respond most effectively to the evolving development priorities of the countries, promote the key objectives of the International Development Strategy and encourage the development and application of innovative and interdisciplinary approaches. Another member suggested that consideration should be given to developing appropriate guidelines for selecting intercountry projects.

Observations of the Administrator

127. The Administrator, in his response to the Council's discussion of this subject, noted the satisfaction expressed by members regarding the manner in which the UNDP was carrying out the review of the country programming experience and said that the valuable suggestions which had been made during the debate would be taken into account in the continuing review exercise.

C. ASSISTANCE TO COLONIAL COUNTRIES AND PEOPLES

128. The subject of UNDP assistance to colonial countries and peoples and of aid to liberation movements was also considered under item 5 of the agenda, based on the report of the Administrator in documents DP/66 and Chapter IX, section B of DP/48. The need for UNDP assistance to liberation movements met with general approval, although a number of members indicated their preference that such aid should be provided from the regular resources of the Programme rather than from a Fund-in-trust as suggested by the Administrator in document DP/66. The need for speed and flexibility in responding to the economic and social needs of the colonial peoples of Southern Africa was emphasized and several members indicated the willingness of their Governments to augment their voluntary contributions to the central resources of the Programme in

order to ensure that efforts to provide the necessary assistance would not be hampered by lack of funds. Some members also pointed out that liberation movements in other parts of Africa - as well as in other regions - should not be overlooked when considering material and moral support for liberation movements.

129. Many members expressed the hope that the negotiations between UNDP and the OAU would be concluded rapidly and that legalistic and procedural impediments should not be allowed to stand in the way of adequate and urgent assistance to liberation movements. In view of recent developments, the position as regards Guinea-Bissau was generally regarded as separate and different.

130. At his request and with the permission of the Council the Observer from Portugal was invited by the President to address the Council during the consideration of this subject. The Observer stated that the new Provisional Government of his country accepted with its full consequences the principle of self-determination for the territories under Portuguese administration. In this context, efforts were being made to reach peaceful solutions in these territories. The Observer stated further that his Government guaranteed that it would abide by the free choice made by the peoples of these territories and would put no obstacle in the way of their independence. Any help that UNDP could provide to speed the economic and social advancement of the peoples of these territories would be welcome as would any assistance that United Nations system could provide in reaching a peaceful solution to the problems concerned. The Observer expressed the desire of his new Government to contribute to the fullest of its capabilities towards the establishment of world peace, which it considered to be the essential foundation for all human progress.

131. In subsequent statements, members of the Council unanimously expressed interest, approval and gratification at the declaration by the Observer. Many members expressed the hope that the announcement would soon be translated into concrete and meaningful action by the Government of Portugal.

132. The President of the Council, referring to a draft decision proposed by one member, which had been revised following negotiations between the sponsor and other interested delegations, said that he understood that the Council was now ready to adopt the decision by consensus. He added that the Council had been aided in reaching this consensus by the statement made by the Portuguese Observer with regard to some of the territories concerned, and the comments of other delegations thereon.

133. Before the adoption of the Council's decision, one member observed that his delegation would have preferred the postponement of the decision on this issue at this time, but that in the spirit of the Council's tradition of consensus and because it sympathized fundamentally with the aspirations of the national liberation movements of the colonial territories in Africa, his delegation was ready to participate in the decision.

134. Following the adoption of the decision (see paragraph 83), one member indicated that his Government would be ready to make a contribution in the amount of \$1.5 million as soon as the fund was established. Another member stated that his Government would not recognize as representative movements claiming to speak on behalf of French territories.

Observations of the Administrator

135. In response to the discussion, the Administrator referred to the brightened prospects of self-determination for some countries and peoples presently under colonial administration as a development which the United Nations system could view with pleasure and satisfaction. He expressed the view that the willingness of several Governments to contribute additional funds for the development of these peoples was highly encouraging, and that the suggestions as to how this might best be done, though varied, all seemed realistic and worthy of support. Pledging to pursue all appropriate avenues of effective assistance to the liberation movements, he expressed hope for speedy responses and sound initiatives from the recipient authorities concerned. He also expressed confidence that a positive action by the Council at this session would ensure that the means for this critical development task would be made available.

Decision of the Governing Council

136. At its 438th meeting, the Governing Council, by consensus:

(a) Took note of the Administrator's report contained in document DP/66 on measures taken with regard to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, in accordance with General Assembly resolutions 1514 (XV) and 3118 (XXVIII);

(b) Approved the recommendations contained therein, in particular those in paragraph 8 of the report as regards the need to observe flexibility in granting assistance to colonial countries and peoples;

(c) Authorized the Administrator to assist the colonial countries and peoples from the general resources of the Programme;

(d) Approved the recommendation of the Administrator to set up as an interim measure a trust fund to supplement the resources to be obtained from the general resources of the Programme;

(e) Invited member States to make additional contributions to this end, including appropriate resources to the trust fund in favour of the colonial countries and peoples;

(f) Requested the Administrator to report on action taken and the situation of the programme in favour of the colonial countries and peoples at the nineteenth session of the Council;

(g) Decided, in accordance with the provisions of General Assembly resolution 3118 (XXVIII), that all necessary measures be taken by the Administrator to ensure that the National Liberation Movements recognized by the Organization of African Unity were represented in the sessions of the Governing Council of the United Nations Development Programme, when dealing with matters pertaining to the peoples of their respective colonial territories in Africa.

CHAPTER IV

REPORT TO THE ECONOMIC AND SOCIAL COUNCIL CONCERNING ITS COMPREHENSIVE POLICY REVIEW OF OPERATIONAL ACTIVITIES THROUGHOUT THE UNITED NATIONS SYSTEM

137. As part of item 5 of its agenda, the Governing Council considered the role of UNDP in the International Development Strategy, with a view to reporting to the Economic and Social Council in accordance with the latter's decision 3(LVI) of 10 January 1974.

138. The Council had before it in this connexion a report prepared by the Administrator contained in document DP/49.

139. Introducing the report, the Deputy Administrator (Programme) stated that document DP/49 was intended to be the basis for the Governing Council's own report to the Economic and Social Council on the subject. Explaining the approach adopted in preparing the report, the Deputy Administrator said that the organizations within the United Nations system, including UND, could best contribute to the attainment of the objectives of the Strategy by improving their procedures, by intensifying their search for new approaches and, generally, by improving the quality and efficiency of their programmes. Consistent with this approach, an attempt was made in Section I of the report to analyse the measures recently adopted by UNDP to improve the efficiency and quality of the Programme.

140. The Deputy Administrator added that the Economic and Social Council intended the report to be basically forward-looking and this concern had been kept in view throughout the report. As a series of new procedures and policies relating to country and inter-country programming had been introduced only recently, the main concentration of the efforts of UNDP in the coming years was going to be on the implementation of these policies and of the programmes and projects based thereon. The measures which UNDP intended to take in this connexion were mentioned in section III of the report (paragraphs 86-92).

141. As regards section II of the report, containing sectoral analyses, the Deputy Administrator pointed out that UNDP could contribute to the fulfilment of the objectives of the Strategy by concentrating its activities in the areas which had come to be particularly highlighted in the Strategy. However, as the Strategy covered all the aspects of development, it was difficult to select particular sectors or areas for special concentration at the cost of others. But certain aspects of development, particularly those conducive to the direct improvement of the quality of life, were the guiding principles of activities in all other sectors and had been duly emphasized both in the Strategy and in the first biennial review and appraisal of the Strategy. Section II of the report, therefore, presented a profile of UNDP activities in some of the selected areas. In this profile, there was no attempt to impress either by factual or statistical data or by a qualitative evaluation of the impact of the activities concerned. What was attempted was a summary presentation of the range of UNDP activities in the areas selected for such a treatment. It would be seen from this profile that UNDP activities on the whole coincided with those given particular emphasis in the Strategy.

142. The Deputy Administrator recalled that under the relevant decision of the Economic and Social Council, apart from a report by the Governing Council, the agencies as well as the Secretary-General of the United Nations had been invited to present reports

suggesting improvements in the operational activities of the United Nations system. The Secretary-General's report had been made available to UNDP for comment before being issued and a quick look at it showed that the Administrator's own report in document DP/49 was in harmony with the Secretary-General's report. The main theme of the Secretary-General's report was to suggest an updating of the technical assistance and pre-investment concept in order to take into account the understanding the international community had acquired of the complexities of the process of development. In practical terms, the report made a case for devoting greater attention in the operational activities of the United Nations system to the development of human resources, the building of institutions and the accumulation of technical knowledge - factors which were most conducive to the promotion of self-reliance among developing countries. The report also stressed the importance of subregional and global projects and of greater co-ordination of the activities under these projects with national programmes. The Deputy Administrator pointed out that under the guidance of the Council, UNDP was constantly engaged in the task of updating the concept of technical assistance and pre-investment and of establishing a more integrated relationship between its activities at the national, regional and global level. Further, as the profile of sectoral activities in section II of document DP/49 indicated, UNDP had succeeded to a considerable extent in gearing its activities to the purposes high-lighted in the Secretary-General's report:

143. Finally, the Deputy Administrator drew attention to the outcome of the recent sixth Special Session of the General Assembly, which was likely to offer altogether new and exciting opportunities for the operational activities of the United Nations system. The Administrator was fully aware of the challenge and opportunity it provided to UNDP and was co-operating fully with, and keeping a close watch on, this new endeavour of the United Nations. The services of the Assistant Administrator for Programme had been lent to the United Nations on a full-time basis and it was expected that the limited staff of UNDP both at headquarters and in the field would have to spend a fair amount of their time to support the actions being taken in pursuance of the decisions of the Special Session.

Summary of discussion

144. Members of the Council expressed their appreciation for the excellent quality of the report of the Administrator contained in document DP/49 and regarded it as a good basis for the Governing Council's own report to the Economic and Social Council. It was felt that the report constituted a valuable contribution to the policy review by the Economic and Social Council of the operational activities of the United Nations system. The document clearly brought out the contribution that UNDP had made to the fulfilment of the activities of the Strategy and showed that UNDP activities were in full harmony with the key objectives of the Strategy and with some of the most important decisions of the recent Special Session of the General Assembly.

145. Some members pointed out that it was too early to assess comprehensively the contribution of UNDP activities to the fulfilment of the objectives of the International Development Strategy. Therefore, an analysis of the kind presented in the Administrator's report should become a continuing feature of the process of review and appraisal of progress in the implementation of the Strategy. In this connexion, it was suggested that a more comprehensive report, providing a clear view of the longer-term policies and sectoral trends should be submitted in the context of the mid-term review of the Strategy and the 1975 Special Session of the General Assembly. One member suggested that the comprehensive report should include the results of the review, now being carried out, of the experience of the first round of country programming.

146. Several members commented on the main conclusions in the Administrator's report. It was generally agreed that the organizations in the United Nations system, including UNDP, could contribute to the promotion of the objectives of the Strategy first and foremost by enhancing the effectiveness and improving the quality of their programmes of assistance to developing countries. It was also agreed that although the formulation of development plans, priorities and objectives as well as of the UNDP country programmes, was the exclusive responsibility of the Governments, UNDP could still play a positive role consistent with the objectives of the Strategy. The country programming exercise provided a unique opportunity for a close and continuous dialogue between UNDP and Governments, on the determination of priorities for assistance and on the best means of reflecting international policies in the development activities of the countries.

147. One member, while endorsing the view expressed in paragraph 20 of the report that there was much greater scope for UNDP to promote the development, design and implementation of projects than at the stage of formulation of country programmes, stated that the report should have contained a deeper analysis of the possibilities in this area.

148. Commenting on paragraph 86 of the report, several members endorsed the conclusion that the task during the coming few years would appear to lie more in deriving lessons from the experience in applying new policies and procedures, improving them as needed, and fully implementing those recently introduced, rather than in considering proposals for new policies and procedures. At the same time, some others emphasized that the proper approach should be both to make full use of the existing procedures and policies and apply the lessons of the past to future activities, as well as to retain the dynamic Programme by continuously adapting it to the changing world situation.

149. Several members urged that UNDP should review and revise the traditional concept of technical assistance and pre-investment in the light of recent developments and particularly in accordance with the dictates of the New International Economic Order. In this connexion, many members suggested that UNDP should increasingly use local institutions, services and project personnel as inputs for its projects and should increasingly entrust the implementation of projects to the Governments and institutions of the recipient countries. One member stated that it was following such a practice in its bilateral programme and that the experience had been quite positive. One member, supported by some others, proposed that UNDP should consider convening a meeting, well before the mid-term review of the International Development Strategy, of development planners of recipient countries to consider, among other things, experience and problems encountered in country programming, measures to deal with these problems, and generally the most effective method of providing assistance to developing countries.

150. Several members stated that the successful conclusion of the deliberations of the Working Group on Technical Co-operation among Developing Countries represented an important contribution to the further active involvement of UNDP in co-operation among developing countries. In this connexion, one member made reference to a document prepared by Algeria and Yugoslavia on co-operation among non-aligned countries in the field of transfer of science and technology, prepared on the basis of a mandate given by the Fourth Conference of the Heads of States or Governments of Non-Aligned Countries.

151. While the increased social content of the Programme was appreciated, several members expressed the view that there was scope for greater effort in this area, particularly for undertaking activities having a bearing on income redistribution, improvement in the living conditions of the poorest sections of the population and

combating unemployment. One member stated that the Administrator's report should have included a section on the socio-economic sector, analysing the implications of social measures, such as income redistribution, for economic development in other sectors.

Observation of the Administrator

152. In reply to the points raised during the discussion, the Administrator expressed the hope that his report and the views expressed on it in the Council made clear the firm commitment of UNDP to the International Development Strategy. It was his intention continuously to review UNDP's policies and procedures with a view to devising new methods and approaches for providing assistance to developing countries. The review of country programming experience presently under way was one of the moves in this direction. The Administrator also assured the Council that UNDP was fully alert to the need for updating the concept of its assistance and maintaining the true dynamic nature of the Programme. Finally he noted the suggestion made by several members regarding the preparation of a comprehensive analysis of Programme trends, policies and procedures in the context of the mid-term review of the International Development Strategy and the 1975 Special Session of the General Assembly.

153. The Administrator also noted with interest the suggestion that UNDP sponsor a meeting of development planners from recipient countries to discuss issues relative to the country programming experience. As a matter of fact, UNDP was hoping to induce Programming Ministers and representatives concerned with development from both developed and developing countries to attend the June 1975 session of the Governing Council and be present during the general debate on the annual report. This could provide an opportunity for them to exchange mutually beneficial experiences and also be of great help to UNDP. Their suggestions on UNDP's strategy for the following year and on the setting up of the next country programming cycle would be most welcome. Such a gathering of Ministers would be timely also as a preliminary to the all-important Special Session of the General Assembly in the Fall of 1975.

154. The Administrator also referred to the suggestion made by several members that, as a means of speeding up delivery and generally of enhancing the effectiveness of the Programme, increasing use should be made in UNDP projects of national personnel, services and institutions and also that the Governments and the institutions of the recipient countries should increasingly be entrusted with the task of implementing UNDP projects. He said that this was in line with the Administration's own thinking and that progress in this direction would be a move towards adjusting the procedures and policies of the Programme to the changing conditions in developing countries and in the world economy as a whole.

Decision of the Governing Council

155. At its 437th meeting, the Governing Council:

(a) Took note with appreciation of the report of the Administrator on UNDP and the International Development Strategy (DP/49).

(b) Decided to transmit to the Council the report of the Administrator and the comments of the members of the Governing Council thereon as its report in response to decision 3(LVI) of the Economic and Social Council.

CHAPTER V

ASSISTANCE TO THE DROUGHT-STRICKEN AREAS OF ETHIOPIA

156. Introducing item 13 of the agenda, the Assistant Administrator and Director of the Regional Bureau for Africa outlined briefly the scope of the Administrator's report on Ethiopia (DP/60) and updated some of the information it contained.

157. The Assistant Administrator drew the Council's attention to the replacement of the National Drought Relief Committee mentioned in document DP/60 by a National Drought Relief and Rehabilitation Commission reporting directly to the Prime Minister. The role of the new Commission represented a considerable expansion on the role of the former Committee.

158. He informed the Council that approximately 3,500 persons had been marooned in the flooding of the Awash Valley and that the situation had been brought under control through relief operations undertaken by bilateral and multilateral donors.

159. Hundreds of thousands of persons were estimated to be affected by the crop failures in the southern parts of the country. Because of serious transportation difficulties, extraordinary measures had had to be resorted to, including the use of a parachute division for the distribution of foodstuffs in areas where airstrips did not exist. The emergency measures were being undertaken by local and national authorities including the Ethiopian Army and Air Force.

160. Lack of suitable transportation facilities was identified as one of the major bottlenecks in the distribution of relief supplies. Approximately 250 trucks of medium capacity were required, of which 172 had been pledged and 52 delivered. Much credit was due to the United Nations Disaster Relief Co-ordinator who arranged for the air-lifting of the trucks, which was financed by contributions from the Governments of the Netherlands, Norway, Switzerland, and the United States of America. The exercise was mounted by UNDRO with the help of UNICEF supply services and technical charter assistance from the Inter-Governmental Committee for European Migration. The delivery of the trucks was expected to relieve bottlenecks in the delivery of relief supplies - food, clothing, drugs and equipment.

161. The Assistant Administrator reminded the Council of the arrangement between UNDP and UNDRO for the UNDP Resident Representatives to serve as the country representatives of the United Nations Disaster Relief Co-ordinator. Thus the role of the UNDP Regional Representative in Ethiopia had involved maintaining close and continuous consultations with the Chairman of the former National Drought Relief Committee and later with the National Drought Relief and Rehabilitation Commissioner, local co-ordination of efforts of the relevant organizations of the United Nations system, consultations with the local representatives of bilateral donors and national and international relief agencies, and keeping the United Nations Disaster Relief Co-ordinator and the Administrator of UNDP fully and promptly informed of all developments.

162. He said that the programme outlined in paragraphs 21 to 27 of the Administrator's report were a response to the Governing Council's request for the Administrator's recommendations for additional UNDP action. It had the general concurrence of the

Government of Ethiopia and would appear as a programme of seven projects in the country programme for Ethiopia which would be presented to a subsequent session of the Governing Council for approval. These projects reflected the desire of the Government to broaden its action from emergency relief to rehabilitation and recovery.

163. He drew attention to resolution 1833 (LVI) adopted by the Economic and Social Council at its fifty-sixth session. The resolution requested the Secretary-General to take appropriate measures to respond to the request of the Ethiopian Government as regards its immediate, mid-term and long-term needs in co-operation with the various agencies of the United Nations. The Secretary-General was also asked in the resolution to report to the summer session of the Economic and Social Council on the progress made by the United Nations system towards the containment of the consequences of the drought in Ethiopia.

164. The introduction of the item by the Assistant Administrator was followed by the remarks of the Commissioner of the Ethiopian National Drought Relief and Rehabilitation Commission, who outlined the effects of the drought in northern Ethiopia as well as the subsequent disasters wrought by the flooding of the Awash River including the occurrence of army worm infestations.

165. The Commissioner estimated that some three million people were affected by the disasters. He listed donor countries and international agencies which had come to the aid of his country in the emergency and thanked them mostly heartily for their assistance which, he said, was instrumental in saving the lives of many of his people.

166. The Commissioner reiterated the transportation problem and the continuing need for trucks, and praised the work of the United Nations Disaster Relief Co-ordinator in this connexion.

167. The fight against the drought had three stages, he said - relief, short-term recovery programmes, and the long-term rehabilitation programmes.

168. Besides trucks the other immediate needs for relief were storage facilities, which had already been financed. The relief stage of the operation was expected to continue through 1975. For the short-term recovery programme, funds were already available for some 20,000 oxen for Wollo Province, but the number of people registered as needing oxen were in excess of 50,000.

169. The Commissioner announced that an IDA loan agreement had been reached which would provide \$10 million for rehabilitation programmes for Wollo and Tigre Provinces. The components of the programme were soil conservation, feeder roads, settlements, agricultural research, rural water supply and crafts and cottage industries. The assistance being proposed by the UNDP Administrator was in the same fields as that of the IDA loan and was the result of careful consultations. The IDA loan and the UNDP assistance would dovetail.

170. He requested prompt approval of the Administrator's recommendation, as time was of the essence.

Summary of discussion

171. Members of the Council unanimously expressed sympathy and concern for the situation in Ethiopia. The Administrator was commended for his prompt response to the decision of the Council at its seventeenth session and for the thoroughness of his report, and one member noted that it belied reports in the press that there had not been a prompt response on the part of the Ethiopian Government to the disastrous drought situation.
172. Members unanimously supported the Administrator's proposal to fund a \$2 million medium and long-term assistance and rehabilitation programme from disaster relief funds in the Programme Reserve. One member, though supporting the proposals, questioned the apparently growing tendency to use funds from the Programme Reserve for disaster relief purposes. This he felt was not proper.
173. Most speakers emphasized the necessity of undertaking medium and long-term reconstruction efforts, particularly in the fields of afforestation, soil conservation, water supply systems, agriculture, health and sanitation.
174. A number of members welcomed the increase in UNICEF's programme from \$3 million to \$6 million. A few expressed concern that States had not yet fully responded to the special appeal of UNICEF for \$3 million.
175. Some other members drew attention to the fact that the drought seemed to be spreading to other countries neighbouring Ethiopia. Specific mention was made of Somalia, Sudan, the United Republic of Tanzania and Yemen. Sudan was reported to be receiving numerous refugees fleeing from the drought in Ethiopia and the Sahelian countries. It was pointed out that if prompt assistance was not given to these countries serious problems would soon recur in them which would necessitate programmes similar to that of Ethiopia.
176. The representative of the Sudan listed his country's immediate needs. They included \$3 million to finance food and facilities for the relief of thousands of people fleeing into the Sudan on its western border as well as the relief of Sudanese living in the drought affected areas of the Sudan. Long-term needs were identified as international assistance to improve transportation systems, and measures to stop the further encroachment of the desert. Only a few international organizations were involved in immediate relief work in the Sudan at the moment, he said.
177. A number of members spoke on the need for international co-operation to treat the drought problem in Africa as a whole if the situation was not to become a chronic one.
178. Many members seized the opportunity to offer their sympathies to the Philippine Government and people for the typhoon which had just been experienced by the country and which took many lives and caused extensive damage to property.
179. Finally, a number of members indicated that they looked forward with anticipation to the report being prepared by the Administrator on the drought situation in Africa as a whole which would be presented to the nineteenth session of the Governing Council.

Decisions of the Governing Council

180. At its 430th meeting, the Governing Council adopted the following decisions:

I

The Governing Council:

- (a) Took note with appreciation of the report of the Administrator on assistance to the drought-stricken area of Ethiopia (DP/60);
- (b) Expressed gratification for the assistance given and pledged to Ethiopia by the United Nations organizations and by bilateral and voluntary assistance agencies; and
- (c) Authorized the Administrator to approve projects for drought related activities which may be requested by the Government of Ethiopia up to an amount of \$2 million for the period ending 31 December 1976 as a charge to the Programme Reserve.

II

The Governing Council,

In the light of statements made on the effects of the drought on countries neighbouring Ethiopia and the Sudano-Sahelian countries, especially the reference to the problem of refugee influx from neighbouring drought-stricken countries across the borders of the Sudan:

Decided that the Administrator should follow up the assessment of such situations with the respective Governments and should respond, to the maximum extent that the resources of the Programme permit, to requests for emergency assistance by the affected countries or those which were likely to be affected.

CHAPTER VI

REPORT OF THE WORKING GROUP ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

181. For the consideration of item 12 of its agenda, the Governing Council had before it the report of the Working Group on Technical Co-operation among Developing Countries, contained in document DP/69.

182. Introducing the report, the Chairman of the Working Group stated that technical co-operation among developing countries was aimed at giving a concrete shape to the concept of collective self-reliance among these countries for realizing their development objectives. This concept had acquired a new dimension after the adoption by the Sixth Special Session of the General Assembly of the Declaration on the Establishment of a New International Economic Order and the related Programme of Action. He hoped that the recommendations of the Working Group would enable the United Nations development system to bring about such changes in its policies and structures as were essential for it to play its due role in promoting technical co-operation among developing countries.

183. At its 423rd meeting, the Governing Council referred to the Budgetary and Finance Committee for consideration the budgetary and administrative implications of the recommendations contained in the report of the Working Group on Technical Co-operation among Developing Countries.

Consideration by the Budgetary and Finance Committee

184. The Chairman of the Working Group on Technical Co-operation among developing countries introduced this item in the Committee and outlined in some detail the principal factors which led to the recommendations made. He further elaborated on the relevant paragraphs of the report which carried budgetary and administrative implications.

185. The Assistant Administrator, Bureau of Administration and Finance, provided the Committee with information on the order of magnitude of the resulting budgetary implications to UNDP, which were subsequently provided in document DP/71. He informed the Committee that his assumption, at this stage, was that the resulting implications to UNDP from the recommendations contained in paragraphs 31, 32 and 33 of the report of the Working Group (DP/69), could be met from existing appropriations for 1974 and 1975 under the administrative and programme support services budget. As concerns the recommendation contained in paragraph 29 of the report of the Working Group, which called for the establishment of a Special Unit within UNDP, he provided the Committee with notional estimates which would be required for the period 1 July 1974 to 31 December 1975.

186. The Budgetary and Finance Committee examined the budgetary implications for 1974 and 1975 of the recommendations of the Working Group on Technical Co-operation among developing countries contained in document DP/69, as well as the additional information on the financial implications provided by the Administrator in document DP/71.

187. The conclusions of the Committee are reflected in paragraph 188 of this report. It was understood, however, that the budgetary implications of these recommendations relate to the years 1974 and 1975 only with the exception of possible budgetary implications relating to the establishment of a sessional committee of the Governing Council to meet annually commencing from 1976, concerning which no financial implications were foreseen for the time being.

Conclusions of the Committee

188. The Budgetary and Finance Committee, without prejudice to the Governing Council's decision on said recommendations,

(a) Concluded that no additional budgetary appropriations would be necessary for:

- (i) The establishment of a sessional committee of the Governing Council to meet annually, commencing from 1976;
- (ii) The utilization of UNDP Resident Representatives' offices, at the country level, for the purpose of serving as focal points for promoting technical co-operation among developing countries; and
- (iii) The establishment of appropriate arrangements within UNDP, linked with Governments, Participating and Executing Agencies and Regional Economic Commissions, for ensuring that effective information measures in support to technical co-operation among developing countries were initiated.

(b) Foresaw that the total costs for personnel and services with regard to the establishment of a Special Unit for promoting technical co-operation among developing countries, consisting of three Professional and higher level and two General Service posts as well as appropriations for temporary assistance and overtime, consultants, special translation costs, common staff costs, travel on official business, office furniture and equipment, and other general expenses would be US \$109,000 in 1974 and US \$199,000 in 1975.

(c) Felt it necessary, in relation to the symposia mentioned in paragraph 35 of document DP/69, that more information be provided to the Governing Council before making any recommendation on their costs.

Consideration by the Governing Council

189. During the further consideration of item 12, the Council had before it the report of the Budgetary and Finance Committee (DP/L.295).

190. The Deputy Administrator (Programme) stated that the recommendations of the Working Group did not imply any special favour for the developing countries. What the recommendations asked the United Nations development system to do came within the normal definition of its responsibilities to the entire membership, both developed and developing countries. He said that the entire intercountry programme of UNDP was devoted to the promotion of co-operation among developing countries. In this connexion, it was somewhat difficult to understand the recommendation that for the next cycle, approximately one-fourth to one-third of the total resources available for intercountry and global programmes should be devoted to regional, interregional and global projects promoting technical co-operation among developing countries.

Summary of discussion

191. The Council unanimously paid tribute to the Chairman of the Working Group as well as to other members of the Group for the outstanding work done by the Working Group. Appreciation was also expressed for the excellent quality of the final report which was variously described as a diligent piece of work, comprehensive in scope, action-oriented and realistic.

192. Members of the Council unanimously lent their support to the idea of technical co-operation among developing countries as representing a new dimension in the evolving concept of international development co-operation. They regarded this idea as of vital importance in the present phase of international economic co-operation and a promising new instrument for promoting self-reliance among developing countries. Many members noted the emphasis placed in the report on the fact that the primary responsibility for increasing technical co-operation among developing countries rested with the developing countries themselves. The vast scope of technical co-operation among developing countries was recognized. It was generally felt that the recommendations of the Working Group would go a long way towards imparting an operational content and substance to what had so far remained mainly declarations of intent. In this connexion, references were made to previous charters, declarations and resolutions adopted by the General Assembly, UNCTAD, the Group of 77 and the Heads of States and Governments of the Non-aligned Countries. It was generally held that the discussion of this subject in the immediate aftermath of the Sixth Special Session of the General Assembly gave it special significance. One member stated that the recommendations of the Working Group were the first concrete contribution to the implementation of the Programme of Action for the Establishment of a New International Economic Order.

193. Most members of the Council gave full support to the final report of the Working Group. They believed that the report should be accepted by the Governing Council in toto at its current session and that any difficulties that might arise in the course of the implementation of the recommendations should be taken up at later sessions of the Council. In this connexion, they felt that since the report had been unanimously adopted by the Working Group after almost a year of deliberations, it would be impracticable for the Governing Council to conclude a detailed examination of each of its recommendations at a single session. They believed that the Council could initiate action on the implementation of the recommendations almost immediately since their financial implications were modest.

194. Other members accepted the general thrust of the report and a number of its recommendations. They endorsed its general frame of reference, preamble, findings and the principles and objectives. They pointed out, however, that more time was needed to give careful consideration to all the recommendations and that several of the recommendations had far-reaching financial and other implications and should, therefore, be further discussed. They suggested that the Council at the current session should take only the minimum action necessary to maintain the momentum generated by the deliberations and successful conclusion of the work of the Working Group and should consider other recommendations at later sessions after practical experience must have been gained. In this connexion, one member suggested that, as a basis for further substantive discussion of the subject at a later stage, the Administration should prepare an analytical report covering document DP/69, the report of the Budgetary and Finance Committee (DP/L.295), and the comments and observations made on these reports at this session of the Council.

195. Members attached particular importance to the principle contained in paragraph 10 of the report of the Working Group, i.e., "Technical co-operation among developing countries should be seen as an integral part of over-all co-operation for development". Most members underscored the desirability of integrating the activities of UNDP relating to technical co-operation among developing countries with normal UNDP activities. The separate arrangements recommended by the Working Group should, therefore, be considered as temporary in nature in order to give impetus to the idea and as soon as the idea was firmly established and became part of the mental attitude of all concerned, the arrangement should be integrated into the normal structure of UNDP.

196. Most members endorsed the recommendations of the Working Group, in paragraphs 29 and 30 of its report, for the creation of a Special Unit for the promotion of technical co-operation among developing countries. It was generally understood that the Special Unit would work with the assistance of Regional Bureaux and the substantive services of UNDP and in collaboration with the Resident Representatives as well as with the specialized and Executing Agencies and the Regional Economic Commissions. One member stated that his Government would be glad to consider providing assistance to the Unit.

197. With regard to the size of the Unit, most members were of the view that the Unit should start with an optimal size. On the other hand, other members favoured a step-by-step approach. They were in favour of starting with the nucleus of the existing service which should be progressively expanded in the light of experience. One member stated that instead of establishing a Special Unit, it would be sufficient to appoint a central co-ordinator in the Office of the Administrator.

198. On the functions of the Special Unit, members emphasized its role in the fields of information and training. Some members suggested that the Special Unit should be responsible for co-ordinating the assistance of the United Nations development system to the liberation movements.

199. The financial implications of the establishment of the Unit indicated by the Administration in the Budgetary and Finance Committee were generally considered acceptable. Some members suggested that the transfer of staff from other Bureaux or services of UNDP and the utilization in the Special Unit of the services of the staff which had already been working on the subject should result in a reduction of the cost estimate given to the Budgetary and Finance Committee. It was stressed by several members that the staff to man the Special Unit should be selected after great care; the officers concerned should be outstanding and dedicated international servants and should possess the necessary imagination, dynamism and sense of psychological involvement.

200. The recommendation of the Working Group on the establishment of an appropriate information system contained in paragraph 32 of its report was generally approved by members, subject to the understanding that it would utilize the existing information system to the fullest extent possible and would not result in the creation of a parallel system. Most members regarded the lack of information as one of the greatest obstacles to the promotion of technical co-operation among developing countries and attached great importance to the urgent establishment and operation of the information system. It was stressed that the information system should rely mainly on the information provided by and available with Governments,

Resident Representatives, the Regional Economic Commissions, and the agencies and that it should not duplicate the efforts of the agencies. It was explained by many members, some of them members of the Working Group, that there was no intention to establish an information system parallel to existing systems, and that the information system referred to in paragraph 32 of the report was to be an integral part of the Special Unit. A few members stated that a clearer definition would be needed of the necessary information requirements and of the information system desired to meet those requirements.

201. Most members expressed support for the recommendation in paragraph 33 of the report regarding the establishment of a sessional committee of the Governing Council to meet annually at the January session, commencing in 1976, to enable the Council to devote continuing attention to the promotion of technical co-operation among developing countries. They stressed the importance of this recommendation for the purpose of keeping this issue seriously alive.

202. Other members of the Council felt that the establishment of a sessional committee might not be the best means to attain the objectives of the recommendations of the Working Group and that it would be premature to make such an institutional arrangement before practical experience had been gained. They felt that it was likely to be cumbersome and that it could set a bad precedent. Some of these members suggested that, for the time being, it would be sufficient to maintain the item on the agenda of the Governing Council and to leave it to the Council to make such future arrangements for dealing with the subject as it might deem appropriate. A few members suggested that the question of a sessional committee should be considered at a future session of the Government Council.

203. These members who supported the establishment of a sessional committee stated that its role would be one of assisting the Governing Council and not usurping its functions. They called attention to the fact that the Working Group itself had recommended the establishment of the sessional committee only from 1976, when some experience would have been gained. They further reminded the Council that, as indicated by the Budgetary and Finance Committee, this recommendation had no financial implication.

204. The recommendation in paragraph 35 of the report on the organization of an international symposium on technical co-operation among developing countries under the aegis of UNDP was endorsed in principle by several members. It was, however, felt that the final decision on the implementation of this recommendation should be taken at a future session of the Council on the basis of cost estimates and other relevant details. One member stated that the symposium should not be financed out of the administrative budget of UNDP, but should be organized as a UNDP project.

205. On the question of financing technical co-operation among developing countries, most members regarded the recommendations in paragraphs 36-42 of the report of the Working Group as both reasonable and feasible. They recalled that the Working Group had seriously considered the idea of creating a special fund but in view of its various implications had decided not to recommend this method of financing, at least for the time being. They also underlined the step-by-step approach adopted by the Working Group in its recommendations on financing.

206. Most members supported the recommendation that an increasing proportion of UNDP intercountry programme resources should be devoted to projects for promoting technical co-operation among developing countries. However, some members did not favour the suggestion in paragraph 36(b) regarding the earmarking of a portion of such resources for this purpose. They thought that such earmarking might, instead of enabling UNDP to play a catalytic role, prove to be a constraint. One member stated that there should be a commensurate increase in the total resources available for intercountry programmes and global projects.

207. The importance of the recommendation in paragraph 42 regarding third country financing by developed countries was highlighted by many members. Some members gave examples of their significant efforts in this area and indicated that they intended to further expand such activities.

208. A few members objected to the recommendation in paragraph 36(c) that a part of the Programme Reserve of UNDP should be utilized for the provision of key inputs for projects or programmes of technical co-operation among developing countries, mainly on the ground that the resources under the Programme Reserve were already earmarked for other specific purposes. A few members did not favour the earmarking of contributions for financing projects designed to promote technical co-operation among developing countries; some others did not support the proposal for contributions in kind as contained in paragraph 39(a), on the ground that its administration would involve a host of practical problems. One Observer stated that contributions in kind were an indication of the availability of capacities in the developing countries concerned and, hence, a very convenient means of utilizing these capacities for meeting the requirements of other developing countries. Objections were also raised by some members to the recommendation in paragraph 46 that UNDP should not use the local currency of a country for the procurement of supplies and equipment for projects in other developing countries but instead that payments for such procurements should be made in fully convertible currencies.

209. In the discussion on the findings and recommendations relating to the utilization by UNDP in its projects and programmes, of experts, training facilities, consultancy services, equipment, etc., from developing countries, most members of the Council endorsed the finding in paragraph 9 of the report that "At present, the United Nations development system tends to utilize experts, training facilities, equipment and consultancy services, largely from developed countries" and that "in spite of the repeated suggestions made in intergovernmental bodies, including specific provisions in the Consensus to the effect that an effort be made to obtain such inputs increasingly from developing countries, on the whole there is little in the United Nations system which is directly conducive to the attainment of this objective". Most members regarded the recommendations in paragraphs 43-49 of the report as intended only to give the developing countries a fair deal in the operation of the system.

210. Some members stated that they could not approve any arrangement which would have the effect of adversely affecting the quality and efficiency of UNDP assistance, which would slow down the delivery of the programme, or which would limit the choice of the recipient countries to obtain experts, services, facilities and equipment of the highest quality at the cheapest cost. They thought that some of the recommendations in the report, if implemented rigorously, would slow down delivery and introduce rigidity in the international machinery.

211. Some members said that whereas the desirability of increasing the share of the developing countries in the provision of experts, training facilities, equipment and consultancy services, etc., for UNDP projects and programmes could be readily accepted, the practical limitations should be recognized, including its implications for the brain drain and the drain of resources in general.

212. One member stated that what was needed was not a revision of the existing system of rosters as recommended in paragraph 43(a) of the report but its enlargement by the inclusion of suitable experts from developing countries. He also felt that, whereas his delegation could accept the recommendation in paragraph 43(d) in principle, its implementation should not be insisted upon until the rosters were enlarged as suggested by him. Another member suggested that it would be desirable to introduce flexibility in paragraph 44 by adding the words "whenever possible", at the beginning of the paragraph.

213. Many members stated, in response to the above objections, that there was nothing in the recommendations of the Working Group which would have the effect of introducing rigidity in the United Nations system or of restricting the freedom of recipient countries to obtain the best possible assistance. The intention of the recommendations in paragraphs 43 and 49 was to make such institutional and procedural changes as would enable the developing countries to obtain equal opportunities with other countries.

214. Several members stressed that the intercountry programmes of UNDP provided the most promising prospects for promoting technical co-operation among developing countries. Intercountry programmes and regional and subregional programmes were regarded as the best instrument for dealing with problems common to a number of developing countries through mutual co-operation among them. It was generally recognized that there was considerable scope for co-operation at the interregional level which remained to be fully utilized.

215. A large number of members made reference to paragraph 22 of the report, which spoke of the need to remove attitudinal and other barriers that restrict fruitful co-operation among developing countries. They regarded these barriers, along with the information gap, as the most formidable obstacle to the promotion of such co-operation. They considered that the recommendations of the Working Group were a good tool to start breaking down these attitudinal barriers and bridging the information gap.

216. Two other recommendations of the Working Group received general endorsement. They were: paragraph 40, which expressed the hope that resources released as a result of diminished expenditures in armaments and associated research would provide an important additional source for financing the development of all States, part of which should be utilized for financing technical co-operation among developing countries; and paragraph 24, which requested that the new Special Unit in UNDP should undertake the training of junior professional staff of the developing countries for the purpose of promoting technical co-operation among them.

217. Referring to paragraph 48 of the recommendations, one member stated that, though he accepted it in principle, he would like to have additional information on its financial implications and method of implementation before approving it.

Observations of the Administration

218. In his response to the discussion on this item, the Administrator regarded the high quality of the debate as a recognition of the constructive work accomplished by the Working Group. He added that, for the last six months, he had devoted a major portion of his time to activities in this area. A mission had left for Iran with specific global, regional and interregional project proposals, to discuss with the leaders of that country the possibility of the financing and further development of such projects. A preliminary report of the mission had already been received. Another mission was proposed to be sent to Venezuela on 1 July 1974 to discuss with leaders of the country the financing of regional projects for Latin America. He intended to continue with such initiatives and had, therefore, scheduled meetings with leaders of other countries.

219. The Administrator regarded the encouragement given by the Council to the effort of the Working Group as a blessing for the Administration's own effort. Based on the encouraging results of the efforts in the past few months, he expected from the Council an emphatic mandate for placing UNDP squarely in this kind of activity. He also agreed with the Working Group and the members of the Council that it would be appropriate to utilize a part of intercountry project resources for financing such activities.

220. As regards institutional arrangements for dealing with these initiatives, the Administrator pointed out that it would not be possible for him to go on devoting too much of his personal time to this work and, in this context, the idea of setting up a Special Unit was quite appropriate. This Unit could conduct liaison between UNDP's own activities and the efforts of the Governments concerned. They should be an integral part of UNDP activities in every way. He could not say how long it would be necessary to maintain such a Unit but he did not at all intend to create a self-perpetuating bureaucracy. As regards the size of the Unit, two or three officers would be entirely adequate and it might even be possible to start with one or two.

221. The Administrator told the Council that his concept of the approach to be adopted in this area, as well as the methodology, was quite different from what it was last January and it was quite possible to envisage further changes in his approach to this matter, particularly in the light of the discussions that were under way and those proposed to be held with the leaders of the developing countries concerned. This was an area in which UNDP should learn and develop its ideas with others on the basis of experience.

222. The Administrator pointed out that it would not be wise to inject specific yardsticks or percentages at the initial stage. He then assured the Council that he would report to it fully on the outcome of his efforts in the next annual report, and if there was any significant difference between two annual reports, he would report to the Council at the January session as well. As regards the consideration of the matter in the Governing Council, the Administrator suggested that the kind of activity described by him should properly move to the other legislative bodies in the United Nations only through the Governing Council. Moreover, the Governing Council itself should approve it in broad terms to avoid any specific criteria that might give rise to rigidities or might inhibit the programme itself.

223. He finally assured the Council that the Administration had enough encouraging experience during the past six months to continue with its efforts with full vigour, based on the endorsement reflected in the debate of the Council, and to make these activities a major and important part of UNDP's over-all programme.

Decision of the Governing Council

224. At its 440th meeting, the Governing Council adopted the following decision:

The Governing Council,

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

Recalling further its decision at its fifteenth session for convening a Working Group in order to:

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

(b) Examine the relative possibilities and advantages of regional and interregional technical co-operation among developing countries;

Conscious of the role that UNDP should play in the establishment of the new international economic order in accordance with the Declaration and Programme of Action adopted by the Sixth Special Session of the General Assembly and the contribution which the promotion of technical co-operation among developing countries could make to the establishment of such new economic order;

Aware of the need to maintain the momentum generated by General Assembly resolution 2974 (XXVII), the related decisions of the Governing Council and the deliberations of the Working Group and to avoid any hiatus between the action to be taken by the General Assembly on the recommendations of the Working Group and their implementation;

(a) Took note with appreciation of the report of the Working Group on Technical Co-operation among Developing Countries contained in document DP/69;

(b) Approved in general the final report of the Working Group on Technical Co-operation among Developing Countries and decided to transmit it to the General Assembly at its twenty-ninth session;

(c) Authorized the Administrator to establish, as an interim measure, a special unit within UNDP to promote technical co-operation among developing countries principally through the implementation of the recommendations contained in the final report of the Working Group, which should have the functions mentioned in the attachment to the letter of transmittal by the Chairman of the Working Group contained in document DP/69;

(d) Decided to place this item on the agenda of its nineteenth session in order to consider specific and detailed issues pertaining to the implementation of the recommendations contained in the final report of the Working Group in the light of the decision to be taken thereon by the General Assembly at its twenty-ninth session;

(e) Decided further to review the recommendations contained in the final report of the Working Group on Technical Co-operation among Developing Countries in the light of the experience gained in the process of their implementation, at its twenty-first session.

CHAPTER VII.

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

225. Under item 7 of its agenda, the Governing Council had before it a report prepared by the Secretary-General (DP/53).

226. Introducing the item to the Council, the Deputy Administrator (Programme) recalled that the Revolving Fund for Natural Resources Exploration had been created on 17 December 1973 by the General Assembly. It had entrusted its administration to the Administrator of UNDP for the first four years and, correspondingly, the Governing Council was designated as its governing body.

227. The Deputy Administrator said that the timeliness of the establishment of the Fund had been underscored dramatically by the Special Session of the General Assembly and its concern with the world resources situation. A resolution had been tabled and subsequently adopted by the recent Economic and Social Council session urging Member Governments to support the Fund by voluntary contributions so as to facilitate the early start of its operation. It was perhaps not too much to hope that the example set by Japan at the last session would be followed by other Members of the United Nations at an early date. He emphasized that the Fund could not be expected to solve all the problems confronting developing countries in mobilizing their natural resources for economic development and assuring their sovereignty over those resources but he felt that intensified exploration was a vital step in this direction. The philosophy of the Fund was unique in that it had been conceived as an instrument of self-help and co-operation among developing countries. When the Fund ultimately becomes revolving, the developing countries would have a mechanism through which the fruits of successful exploration would not only accrue to the country where production had ensued but would also assist other developing countries in the exploration of their natural resources, thus putting into practice the principle of self-reliance.

228. The Deputy Administrator said that document DP/53 had built upon previous deliberations in the Committee on Natural Resources and the Economic and Social Council, and represented an attempt to translate these into terms that could be applied in operational and administrative procedures. In preparing the report, valuable outside advice had been obtained which had played a major role in bringing into focus the issues that this novel venture presented to the United Nations system. The revolving character of the Fund required some discipline both in respect of the choice of projects and the freedom to terminate or limit on-going projects as well as arrangements for suitable reimbursements. On the whole, the approach was flexible and careful. The Deputy Administrator was particularly conscious of the experimental nature of the Fund and felt that time and experience would have to guide the Fund through successive steps.

229. In the initial period of its operations, the Fund would make full use of the existing expertise in UNDP and the Department of Economic and Social Affairs. But as the workload increased and more funds became available, there would be a need to transform the initial arrangements into a completely separate operation. The initial arrangement has been so designed to facilitate such a transformation.

230. DP/53 had a cautious approach to financial requirements. It showed that a modest programme could be initiated with modest resources. What was important in this experimental venture was to start operations, to acquire experience and to be open-minded in responding to issues as they arose.

231. The Deputy Administrator indicated that countries wishing to use their IPFs under normal UNDP assistance would in no way find their rights abridged by the establishment of the Revolving Fund.

232. Through UNDP field operations, the Administrator was already in possession of interesting indications for possible projects. With the approval of the Council, and if sufficient resources were available, the Administrator would be in a position to put these and other projects to the test.

233. Finally, the Deputy Administrator requested the Council to consider delegating to the Administrator authority to approve projects similar to that which applied to normal UNDP operations.

Summary of discussion

234. Many members stressed the timeliness of the establishment of the Revolving Fund for Natural Resources and the novel idea which it represented in the United Nations system. Many members wished to see the Fund commence operations at the earliest possible time. They expressed their agreement with and their support for the proposals contained in the Secretary-General's report (DP/53) which they considered a sufficiently flexible elaboration of the principles and procedures upon which the Fund's operation should be based. However, one member questioned the basic assumptions underlying the new Fund.

235. A number of members wished to see the Fund operate as an efficient and businesslike venture concentrating its efforts on the most promising prospects which would allow it to become revolving as soon as possible. One member rejected the concept of equitable geographic distribution or any choice of projects based on the principle of favouring any particular group of countries. Others felt that a United Nations programme such as the Revolving Fund could not be considered merely as a business undertaking but should be viewed within the framework of the entire United Nations system. In any case, it had to comply with the guidelines in Economic and Social Council resolution 1762 (LIV). One member felt that if the term "revolving fund" was interpreted to mean that the Fund should concentrate only on projects that offered the best prospects, this would penalize those countries - mostly the least developed countries - that were in greatest need of the Fund's assistance. He believed that such an approach was not acceptable in a United Nations undertaking.

236. While one member felt that the Fund should be a fully self-contained unit within UNDP, others favoured a flexible approach which would make the best use of the existing expertise within the United Nations system and would lead to the establishment of a fully staffed body when the size of operations warranted it.

237. A few members wanted to see the Fund concentrate on the creation of national capabilities in mineral exploration, such as the establishment of national exploration centres or institutes, while others believed that research institution building and similar projects were within the normal competence of UNDP and should be taken care of through the IPFs.

238. Several members believed that the Fund would have to concentrate on exploration for solid minerals in the initial period. In view of current energy and drought problems in many parts of the world, many members wanted to see the Fund attend to these areas as soon as possible. One member wanted to see exploration for geothermal energy included immediately, while another member proposed that after an initial period of 10 years, the Fund should expand its activity into exploration for oil, gas, groundwater and geothermal energy. Another member felt that it would be advisable to fix a definite date after which the operations of the Fund would extend beyond exploration for solid minerals only.

239. On the question of replenishments of the Fund some members felt strongly that no ceiling should be imposed on replenishment contributions since this was the only means to make the Fund revolving, so that a successful exploration which had led to profitable production would become a basis for funding natural resources exploration projects in other countries in accordance with the principle of mutual co-operation among developing countries. Many other members felt that there might be cases when the absence of a fixed ceiling would impose an undue burden on the recipient country and argued for a ceiling on replenishment commitments. One member thought that the replenishment contribution could be kept at a maximum not to exceed 150 per cent of the expenditures incurred by the Fund without jeopardizing its revolving nature; another believed that it should be as low as 20 per cent. A number of members believed that the ceiling should be put at a reasonable multiple of the Fund's expenditures for a given project in accordance with the relevant Economic and Social Council resolution. A number of members requested a more precise definition of the proposed term "gross sales value at the mine".

240. Some members supported the proposal that the replenishment contribution should be paid in convertible currency. Others pointed out the difficulties which such a requirement could create. They felt that it would be preferable if, in deciding the form of repayment, consideration were to be given to the proportion of production sold on the domestic market and the proportion exported. Some members emphasized the difficulty which might be created by a requirement to meet the replenishment contributions in foreign currency when exchange rates tended to vary greatly. Other members felt that consideration should be given to the balance of payment situation of the recipient country.

241. One member suggested that instead of taking, as a basis for calculating the replenishment contributions, the gross value of production at the mine mouth, the international price for minerals on the world market should be used for this purpose.

242. On the question of the extent to which the Fund should be entitled to make decisions whether to continue, modify or to discontinue projects, some members felt that the Fund should have full authority in this respect and that it should take decisions in a businesslike manner, terminating projects when expert opinion concluded that the prospects were poor. Other members felt that such decisions should be made only after consultation with the recipient Government. One member suggested that the recipient Government be given at least six months notice before any project termination.

243. Some members observed that the Fund should be careful not to infringe upon the right of permanent sovereignty over natural resources.

244. Some members also stressed the necessity for prior consultation with the recipient Government as a prerequisite for the sale by the Fund of reports and other documentation produced by the projects.

245. Some members felt that the time frame for obligations stemming from project agreements - 40 years - was excessive.

246. A number of members felt that the procedural arrangement should be further defined either by the nineteenth or twentieth session of the Council before any project agreement was signed. A few members stressed the need for a model agreement to be presented to the Governing Council before any agreement was signed.

247. Several members stated that their Governments had not been able to study the Secretary-General's proposals sufficiently and that the points of view expressed in the Council's discussion were too divergent to allow a final approval of the operational procedures and administrative arrangements of the Fund at this session. Some members wanted to delay a decision to the nineteenth session, but were nevertheless prepared to follow the consensus of the Council, provided the next session would be free to review and, if necessary, amend the proposals. The latter approach was supported by many members who felt that the present session should approve the proposals in DP/53 only provisionally, leaving it to the nineteenth session to take the final decision.

248. Many members felt that, if this course were taken, the Administrator should nevertheless proceed without delay with the preparation of a portfolio of projects in accordance with paragraph 6 of General Assembly resolution 3167 (XXVIII). Some members pointed to the complications that might arise if agreements concluded on such projects had to be revised to accord with any amended guidelines.

249. There was wide agreement that the Director of the Fund should be appointed as soon as possible to report through the Administrator to the Governing Council. Some members felt that it would be useful if the Director could take part in the work on the refinement and modification of the operational procedures and administrative arrangements.

250. A large number of members felt that it was essential that the interest of developing countries be properly protected in the operations of the Fund - that the Fund should not become simply an instrument of the developed countries in broadening their resource base. The Director of the Fund should therefore have the confidence of the developing countries. Some members suggested that an eminent expert from a developing country be appointed as Director.

251. A few members stressed the complementary nature of the activities undertaken by UNDP and those of the Revolving Fund and others recalled their Governments' insistence upon the principle of additionality.

252. While a number of members suggested that pledges for the Revolving Fund be made at the UNDP Pledging Conference, others felt that, in order to preserve the identity of the Revolving Fund, it would be advisable for contributions to be announced separately, at a different occasion. It was generally felt that countries would in any case be free to time their pledges in the manner most appropriate to them in the light of their budgetary and constitutional procedures.

253. Several members recalled that General Assembly resolution 3167 (XXVIII) had noted that contributions to the Fund should be made without prejudice to the growth of UNDP resources. One member, recalling his country's pledge of a contribution of \$1.5 million to the Fund, called on other countries to contribute to the Fund in the spirit of resolution 1837 (LVI) of the Economic and Social Council. Taking into account the fact that, in the 1960s, mineral exploration in the developing countries had fallen behind the tempo of exploration in the industrialized world, and particularly mindful of the developments which had culminated in the sixth special session of the General Assembly and its decisions, he advocated acceptance by the Council of the operational and administrative arrangements as contained in DP/53 in order to enable the Fund to start its operations as early as possible.

Observations of the Administration

254. Responding to the remarks made during the discussion, the Deputy Administrator (Programme) reminded the Council that it was faced with two facts: firstly, it had a mandate from the General Assembly and the Economic and Social Council to start operational activities of the Revolving Fund in 1974; and, secondly, it was clear that in defining the concepts of the Fund, the Council had been trying to resolve a number of conflicting principles and views.

255. The Deputy Administrator said that it could be asked why it was necessary to have a new fund in addition to UNDP. He thought that the answer was that it was necessary to have an institution which would take greater risks, for it was felt that under their country programmes, countries were not encouraged to take adequate risks. At the same time, if the Fund was to revolve, there must be a limit to the risk it could take. There was also a need for equity and a need to provide opportunities for all developing countries to benefit from the Fund. The concept, therefore, went beyond purely commercial considerations.

256. The Deputy Administrator noted that UNDP had never before conducted an operation as sophisticated as the Revolving Fund. He felt that the procedures described in paragraph 20 of document DP/53 seemed to afford a possibility for achieving a practical compromise between the revolving nature of the Fund and a ceiling to be placed on the amount of the replenishment contribution. He suggested that operations should be started on the basis of DP/53, and that the procedures could be reviewed in the future in the light of the experience gained. If the Council undertook such a review at its nineteenth session, the Administrator could assist by identifying any problems encountered in putting DP/53 to the test. Any project agreements concluded in the intervening period would contain a clause providing for amendments required by such revisions of the guidelines as might result from decisions at the nineteenth session.

Decision of the Governing Council

257. At its 440th meeting, the Governing Council adopted the following decision:

The Governing Council:

Recalling General Assembly resolutions 3167 (XVIII) and 3202 (S-VI), and Economic and Social Council resolutions 1762 (LIV) and 1837 (LVI),

(a) Approved provisionally the operational procedures and administrative arrangements of the United Nations Revolving Fund for Natural Resources Exploration as contained in the report of the Secretary-General (DP/53), taking into full account the comments on the report made at its eighteenth session and on the understanding that a final decision on the operational procedures and administrative arrangements would be taken at the nineteenth session of the Council;

(b) Requested the Administrator to undertake project negotiations on the basis of these provisional operational procedures and administrative arrangements and to communicate to the Council at its nineteenth session information which would enable it to review the procedures and arrangements in the light of experience gained with a view to refining or modifying them as necessary.

(c) Requested the Administrator to consider the need for creating capabilities and expertise in natural resources exploration in the developing countries, including the establishment of regional institutes, and to report thereon to the Council at its nineteenth session.

(d) Further requested the administrator, in full consultation with the Secretary-General, to appoint a Director of the Fund.

(e) Invited all members of the United Nations and the members of the specialized agencies to take the opportunity of the UNDP Pledging Conference for 1975 to announce their voluntary contributions to the Fund.

CHAPTER VIII

UNITED NATIONS CAPITAL DEVELOPMENT FUND

258. Under item 6 of its agenda, the Governing Council had before it the Administrator's report (DP/57 and Add.1) pursuant to General Assembly resolution 3122 (XXVIII).

259. Introducing the item to the Council, the Deputy Administrator (Programme) remarked that DP/57 described in a necessarily generalized manner the nature of the projects that would be particularly suitable for financing by the United Nations Capital Development Fund (UNCDF) in conformity with the General Assembly resolution, and that DP/57/Add.1 illustrated the kind of activities into which the limited resources of the UNCDF might best be channelled. Within a short time, some 30 projects had been identified in 11 countries - mainly least developed countries - and it was the intention of the Administrator to examine these projects further with a view to approval as soon as possible. This list of preliminary project ideas presented possibilities for a new start. But it had to be remembered that if all those projects on further scrutiny proved worthy of support, the resources at present available to the Fund would be insufficient. If the potential of a new start were to be actually realized, continuing support for the Fund at a higher level would be needed and, equally important, prompt payment of pledges would be required.

260. The Deputy Administrator pointed out that most of the projects needed finance by way of grants rather than loans. Where on-lending through intermediary institutions was foreseen, the ultimate beneficiary would, of course, pay some reasonable interest. The Administrator would wish to receive the Council's endorsement of this orientation, the justification for which had been given in paragraph 25 of DP/57.

261. The Administrator would also wish to receive the Council's approval of his proposal in paragraph 33 to use the Fund's resources for defraying the limited additional administrative costs which must necessarily be incurred. The cost of developing new projects and evaluating them, including the cost of consultants, could, in his judgement, be charged even now to the Fund under existing legislation, as these were essentially of an operational nature. But administrative expenses proper could not be debited to the Fund unless the General Assembly endorsed the proposal in paragraph 33 of DP/57; this concurrence might best be secured by mentioning this point specifically in the report of the Governing Council, which would go to the General Assembly through the Economic and Social Council. Once the principle was established, a budget could be presented to the Governing Council at the next session for approval.

262. Paragraph 3 of the addendum mentioned the Administrator's intention to rely on Governments, non-governmental organizations and bilateral or multilateral agencies for implementation of the increased number of projects, thus avoiding the need for the UNCDF to establish an extensive multidisciplinary machinery. This was not only the proper way to keep administrative costs to a minimum; it was also and predominantly a means to mobilize the expertise and other facilities locally available to organizations that were best acquainted with local conditions, and whose activities would thus be strengthened by the modest but valuable capital inputs financed by the UNCDF.

263. The Deputy Administrator considered the recent experience within the UNCDF stimulating and the Fund worthy of renewed attention on the part of all United Nations members. He expressed the hope that more Member States would become new and significant contributors to the Fund at this session or at least at the Pledging Conference next autumn.

Summary of discussion

264. Several members expressed their agreement with the basic concepts and more detailed elaboration of the policies as proposed in DP/57, which was generally considered a very clear and imaginative report. Members generally reaffirmed the principle contained in General Assembly resolution 3122 (XXVIII) that the Fund should serve first and foremost the least developed among the developing countries and many members mentioned their support for the efforts of the Administrator to concentrate on projects benefiting low income groups.

265. The nature of the projects to be financed as described in paragraphs 19-23 of DP/57 was generally endorsed. One member recalled that during the General Assembly discussions at the twenty-eighth session, his delegation had highlighted three criteria for UNCDF projects. Two of these, use of the Fund first and foremost in the least developed countries and support to self-reliance and participation of the poorest people in the development process, were well reflected in the report. The third criterion, the use of local credit institutions for refinancing and on-lending activities, was less clearly reflected in document DP/57. Although a number of projects mentioned in the addendum indeed reflected this criterion, more use could be made of indirect financing, which was not only a very efficient instrument to reach the poorer beneficiaries but represented also one of the distinct features of the Fund within the United Nations development system. Several members felt that the Fund should remain flexible in project selection; the list of examples in paragraph 16 should not be considered exhaustive and might have mentioned, for instance, health facilities.

266. There was general agreement that the Fund should mainly give grants as opposed to loans. This would reflect the higher risk character of Fund projects as well as the repayment problem with which most of the beneficiary countries would be faced when accepting loans.

267. One member pointed out that concentration on grants would be another factor in distinguishing the Fund from the other multilateral institutions, thus supporting the need for this instrument of development co-operation and alleviating the fear that by supporting the UNCDF unnecessary proliferation of development finance institutions would be stimulated.

268. One member wondered whether it was consistent with the principles outlined in DP/57 that the ultimate borrowers in the developing countries would have to pay interest to the intermediary credit institutions, which would retain some or all of these interest payments to cover their costs.

269. Several members underlined the need for co-operation with other organizations, particularly those in the United Nations system. They agreed with the need for integrated approaches to the problems of low-income groups and felt that this could best be done by mobilizing United Nations expertise, particularly through the Resident Representatives and by making full use of the agencies and project personnel in the field. In this connexion some members pointed out the need for continued close co-operation and co-ordination among the organizations in the United Nations system.

270. One member recommended a cautious approach to co-operation with voluntary organizations. He wondered whether projects for the employment of large influxes of repatriates were consistent with the main objectives of the Fund.

271. Other members, describing recent developments in his country, indicated that a project for the resettlement of repatriated skilled labourers might be presented to the Fund in the near future.

272. The position of the UNCDF in the United Nations system was touched upon by several members who referred to the decision of the Sixth Special Session of the General Assembly and the decision taken by it to establish a Committee of 36 to study the creation of a Special Fund and to consider, inter alia, a possible merger of the UNCDF with the new facility. One member felt that there might be some merits in such a merger because the same countries would in effect be covered by both funds; the new Fund might receive more resources, and the international machinery would be streamlined. He, however, agreed with other members who stressed that the recent experience of the UNCDF and the considerations contained in DP/57 proved that the basic features of the UNCDF should be maintained as fulfilling a real and well-defined need. All members felt that it would be premature for the Council to speculate at this time on the implications of the work of the Committee of 36, but that the Council should keep itself informed about the progress of the Committee's work. In the meantime, the UNCDF should proceed without delay with the implementation of DP/57 and review the situation at the nineteenth session of the Council.

273. Against the background of the prospective utilization of much of the present funds of the UNCDF for the financing of projects now under active preparation, the question of the Fund's resources was raised by many members. Several members repeated their disappointment that the great majority of industrialized countries were still reluctant to contribute to the Fund and seemed to persist in their belief that the Fund was simply a duplication of existing multilateral channels of capital assistance. One member paid tribute to those developing countries that had pledged contributions, which represented a considerable effort in the light of their limited resources. One member expressed concern that the number of contributors had declined from 32 in 1972 to 21 in 1974 and hoped that the trend would be reversed now that countries had been made aware of the prospect that their contributions would be used in the near future to meet actual expenditures. There was general endorsement of the appeal made by the Deputy Administrator to expedite the remittance of resources pledged to the Fund.

274. Many countries welcomed the revised stand of some industrialized countries regarding contributions to UNCDF. The Norwegian delegation announced the first contribution of Norway to the Capital Development Fund in the amount of 3.5 million N. Kr. (approximately \$640,000) bringing total Norwegian contributions to UNDP and UNCDF (including funds for the least developed countries) to approximately \$15 million. This announcement was warmly welcomed by all members as the second contribution to UNCDF by an industrialized country, the first being the Netherlands, which had pledged \$4.5 million in 1973, a pledge described by some members as a turning point in the Fund's history. Some representatives of industrialized countries indicated the possibility of a shift in their positions. One member felt that the recent decision to fade out the special UNDP allocations to the least developed countries by integrating them into their IPFs for the next programming period would serve to remove possible objections against duplication of efforts in favour of the least developed countries. Another representative of an industrialized country indicated that if the efforts to define a specific and distinct field of action for the Fund **were realized along the lines of DP/57 and Add.1, and if the results proved satisfactory**, its previous attitude towards contributions to the Fund could be reconsidered with great care.

275. One member urged the Administrator to seek to enlist the active support of countries for the Fund when conducting discussions with them. It also expressed concern that its own contribution had not been utilized notwithstanding efforts to develop projects using equipment that could be produced in his country. In this connexion, he stressed the need for the Fund to have sufficient staff available for developing and executing projects. He considered that the time had come to set up a special unit in UNDP to deal with Fund matters.

276. Most members agreed to the suggestion made by the Deputy Administrator that the limited additional administrative expenditures that must necessarily be incurred should be met from the Fund's resources and that the General Assembly might take a decision to that effect. Some members felt, however, that the Fund's resources were too limited to change the existing practice according to which Fund expenses were charged to the regular UNDP budget.

Observations by the Administration

277. In his response to the discussion, the Deputy Administrator thanked the Norwegian delegation for its pledge and expressed his hope that comments made by certain members indicated a broadening of support for the Fund.

278. The lists of projects contained in DP/57/Add.1 was illustrative in nature and both the list as well as the description of the projects were subject to change.

279. The Deputy Administrator expressed his concurrence with the view that, whenever possible, use should be made of financial intermediary institutions to channel loans to small-scale producers. Where such institutions were not well established it would be appropriate to use UNDP funds to strengthen national institutions. He felt that it would be quite appropriate to charge interest to ultimate borrowers on loans for productive purposes. The interest rate could well be concessionary for poor borrowers or risky ventures. The rates mentioned in some project descriptions contained in DP/57/Add.1 would not necessarily be regarded as the final figures.

280. Finally, the Deputy Administrator explained that it would be necessary to assign a few staff members to the Fund's activities if its work was to be performed properly, and to make adequate financial provision for that purpose. Moreover, it was desirable to remove the existing artificial and impracticable distinctions between operational and administrative costs financed from the different sources. It would be for the General Assembly to decide whether to charge the limited additional administrative expenses to the Fund or rather have UNDP carry all these expenses on its budget.

Decision of the Governing Council

281. At its 440th meeting, the Governing Council:

(a) Took note of the Administrator's report on the United Nations Capital Development Fund as contained in documents DP/57 and Add.1 and of the observations made by members during the discussion on this subject;

(b) Welcomed the new orientation of the Fund as outlined in document DP/57;

(c) Expressed its concurrence with the Fund's concentration on projects providing mainly grants and designed to benefit low income groups first and foremost in the least developed countries;

(d) Took note with interest of the list of projects actively considered for approval as contained in DP/57/Add.1 and of the Administrator's intention to approve projects of a similar nature in other eligible countries, commensurate with the Fund's resources;

(e) Invited the Administrator, on the basis of a decision to be taken by the General Assembly regarding the coverage of additional administrative expenses of the Fund, to present at the nineteenth session of the Council proposals for a moderate budget to cover such expenses;

(f) Called upon members having pledged contributions to the Fund to remit these at their earliest convenience; invited members which had so far not made pledges to contribute to the Fund's resources, and requested the Administrator to take appropriate steps to this effect.

CHAPTER IX

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

282. Under item 9, the Council had before it:

- (a) Suggestions on fund raising and request for approval authority (DP/46);
- (b) Work Plan 1974-1977 (DP/47 and Corr.1 (English only));
- (c) Annual report by the Executive Director (DP/44 and Corr.1) and Summary of allocations in 1973 (DP/44/Add.1 and Corr.1);
- (d) Criteria for project approval (DP/45);
- (e) Budget estimates for the administrative and programme support services of UNFPA for the year 1975 (DP/51) and the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) thereon (DP/68); and
- (f) Projects and country agreements recommended for approval (DP/FPA/1; DP/FPA/1/Add.1 and Corr.1; DP/FPA/1/Add.2; DP/FPA/1/Add.3; DP/FPA/1/Add.4; DP/FPA/1/Add.5; DP/FPA/1/Add.6; DP/FPA/1/Add.7; DP/FPA/1/Add.8/Rev.1; DP/FPA/1/Add.9 and Corr.1; DP/FPA/1/Add.10 and Corr.1).

283. The UNFPA budget estimates for 1975 were considered by the Budgetary and Finance Committee, which reported thereon to the Council (DP/L.295/Add.4).

Consideration by the Budgetary and Finance Committee

284. The Budgetary and Finance Committee had before it under item 9 the UNFPA budget estimates for the administrative and programme support services for the year 1975 (DP/51) and a report of the Advisory Committee on Administrative and Budgetary Questions on the 1975 UNFPA budget estimates (DP/62).

285. The Executive Director of UNFPA, in introducing the budget estimates for 1975, noted that the prospect for the fund-raising target of \$54 million to be met in 1974 was excellent; he also stated that the demand for UNFPA resources was outrunning their supply and that UNFPA was making every effort to adopt a programme budgeting system. The volume of requests had continued to grow substantially as a result of activities related to the World Population Year, and these activities, together with the preparations for the World Population Conference, had added to UNFPA's work load.

286. The Executive Director said that the implementation ratio was 64 per cent, which was 4 per cent higher than the 60 per cent forecast a year ago. He also informed the committee that in 1974 and 1975, expenditures for global, interregional and regional projects would be kept at the 1973 level.

287. Commenting on the substance of the budget estimates for 1975, the Executive Director indicated that the addition of six Professional posts, and four General Service posts was foreseen in those estimates. In this connexion, the Executive Director said that during the last two years, some on-going activities such as the public information function and liaison with non-Governmental Organizations, for the sake of efficient and effective use of staff resources, were assigned to the World Population Year secretariat. With the conclusion of WPY and the disbanding of its secretariat, it would be necessary to reconstitute a public information unit in the Fund and to

redistribute some secretariat functions to the appropriate divisions of the Fund. For this purpose, three Professional posts were foreseen for the information unit, two posts for programme officer and one for a non-governmental liaison officer. Six of the 12 posts in the WPY secretariat would thus be retained. In addition to six Professional posts, four General Service posts were also added to the 1975 estimates.

288. While assuring that UNFPA had no intention of duplicating the work of the United Nations Office of Public Information or the Centre for Economic and Social Information or the UNDP Information Unit, the Executive Director said that a small unit was needed as a link with the information units within the United Nations system.

289. As regards the other sections of the 1975 budget, the Executive Director said that the estimates for those sections were basically the same as in 1974. UNFPA was planning to absorb the costs of the consolidation of post adjustments within its approved 1974 budget but might request, at a later stage, transfers of appropriations among budget sections or small additional allocations.

290. Regarding UNFPA field co-ordinators, the Executive Director said that the estimated cost for 1975 was \$1.4 million, together with headquarters expenses of \$3.6 million, would represent 7 per cent of the \$68 million requested for 1975. The costs of UNFPA Co-ordinators would continue to be included in project funds. Contrary to the recommendations of the ACABQ, UNFPA continued to believe that keeping the Co-ordinators' costs on the project budget would, for the time being at least, result in lower programme development costs and allow greater flexibility. Co-ordinators were involved in project development and co-ordination services and not administrative services. If the Co-ordinators' costs were put under the administrative budget, UNFPA would have to assume certain responsibilities for their continued employment.

Summary of discussion in the Committee

291. Several members expressed their appreciation for the Fund's performance. One member, however, felt that although the rate of implementation had increased, it was still too low. A few members expressed concern about the definition of implementation rates. Some expressed the view that the percentage of family planning projects was too low. One member stated that too high a percentage of projects involved seminars, conferences and workshops. Other members urged greater efforts in order to reach the target of having 70 per cent of projects as part of country programmes by 1977, and called for improvements in planning and in the preparation and dispatch of missions. One member informed the Committee of the intention of his Government pending final decision to double its contribution to UNFPA with the understanding that UNFPA's performance would further improve.

292. Most members felt that it was too early for UNFPA to adopt a biennial administrative and programme support budget. Some members felt that any action before the results of the World Population Conference and the Special Session of the General Assembly in 1975 were known would be premature. Others expressed the view that UNFPA should follow the practice in the United Nations system and adopt the biennial administrative and programme support budget at the same time as it might be adopted by UNDP.

293. Members endorsed the recommendation by ACABQ, accepted by the Executive Director of UNFPA, that paragraph 7 (c) of the recommendations contained in document DP/51 be deleted.

294. As regards the creation of a separate information unit in UNFPA, some members opposed the establishment of a new unit and maintained that UNFPA should rely on present information units in the United Nations system. Several members, however, endorsed the idea. Others, while endorsing it, stressed the need for UNFPA to make maximum use of CESI, OPI, and the UNDP information unit. A few members pointed out that disappointment was expressed in the Second Committee during the twenty-eighth session of the General Assembly over the work of CESI in providing adequate coverage on economic and social matters. Such being the case, they felt that it would be better for UNFPA to have its own information unit. Some felt that a new unit might be smaller than that proposed by the Executive Director. In this connexion, reference was also made to the usefulness of a small unit as a link with the information units in the United Nations system.

295. Several members opposed the ACABQ recommendation that the costs of UNFPA field Co-ordinators be met from the administrative budget rather than the programme budget. However, some members felt that the proper way of dealing with this question would be to include those costs in the administrative budget.

296. Many members raised the question of recruitment of Co-ordinators and requested more information regarding criteria used by the Fund for their selection and grading. Several members felt that UNFPA should have flexibility in moving Co-ordinators from one area to another; they felt that keeping them under the programme budget would enhance that flexibility. Others held the view that the transfer of costs of the Co-ordinators to the administrative budget would not affect that flexibility. Some members also felt that the Co-ordinator costs in 1975 could be reduced from \$1.5 to \$1.2 million, in line with the recommendation of the ACABQ contained in paragraph 18 of DP/68.

297. Some members urged a more precise presentation of UNFPA programme budget estimates in the future. One member favoured the adoption of a programme budget by UNFPA for 1976 and maintained that this course of action would not involve undue difficulties. One member pointed to a certain amount of confusion caused by the fact that UNFPA was presenting to the Governing Council three types of forward plans: a work plan, planning ceilings and planned expenditures. That member felt that the presentation to the Governing Council should be simplified and that it should focus on disbursements as the financial control mechanism. The same member also suggested that in future years planning authority, forward commitment authority and annual expenditure authority must be clearly distinguished and approved. One member also raised the question concerning the \$20 million carry over from 1973 and asked whether it had appeared in the estimates presented by the Executive Director.

298. Reference was made to the need for using the UNFPA funds in field work as much as possible and keeping the administrative budget to a minimum.

299. A few members expressed the view that UNFPA should be represented at meetings of its legislative organs in a manner best suited for a proper discharge of its functions.

Observations of the UNFPA Administration in the Committee

300. In reply to questions raised with regard to Co-ordinators, the Assistant Director of UNFPA said that the Co-ordinators were assigned to countries according to the work load involved and worked under the supervision of the Resident Representative. The number of countries to which one Co-ordinator was assigned varied; in some cases, there would be one Co-ordinator for one country, while in others one Co-ordinator would serve

as many as 11 countries. The policy in general was to hire Co-ordinators at the P-5 level; the criteria for recruitment were, inter alia, experience in development assistance, including field experience, knowledge of population problems, area knowledge and linguistic considerations.

301. The Deputy Executive Director of UNFPA noted the views expressed in connexion with the information unit in UNFPA and stated that because UNFPA expected greater information activities to be generated by the World Population Year and World Population Conference, it had proposed an information unit of three professionals. UNFPA was co-operating fully with CESI and other information units in the United Nations system. In a number of instances, CESI had been utilized by UNFPA, but CESI had financial and other constraints.

302. The Deputy Executive Director agreed that, so far, the percentage of family planning projects in UNFPA programming had been low but noted that in addition to family planning projects there were also many family planning-related projects in the Work Plan category entitled "Communication and Education". It was anticipated that the percentage of family planning projects would increase to 48 per cent of all projects by 1977, in part reflecting the fact that a number of major statistical and demographic programmes would decline or be phased out.

303. The Executive Director of UNFPA assured members that UNFPA was exerting efforts to improve its implementation ratio and to refine concepts of budgeting. He stressed that keeping the Co-ordinators on the project budget enabled the Fund to maintain flexibility and to move Co-ordinators to posts where they were needed. In any case, whether under the project or administrative budget, total expenditures were kept well within the limits of 7 per cent of total resources.

Consideration by the Governing Council

304. Introducing item 9 in the Council, the Executive Director of UNFPA said that the procedures established by the Council at its sixteenth session for administering the UNFPA had proved very satisfactory.

305. He noted that, as the demand for the Fund's resources had begun to outrun the supply, UNFPA had been perfecting the design of its programme budgeting mechanism and handling requests in relation to the programme budget.

306. The UNDP Resident Representatives, assisted in most cases by UNFPA Co-ordinators, were now increasing their knowledge of UNFPA programmes and could, in future, play an increasingly important role on the Fund's behalf and harmonize UNFPA programmes with those of UNDP and other agencies in the United Nations system.

307. The Executive Director informed the Council that UNFPA, in addition to consultation with other organizations on on-going programme matters, had convened two meetings of expert groups: one on evaluation and one on guidelines on the reasonable extent of family planning funding of integrated health programmes. In accordance with the instructions given the Fund by the Economic and Social Council to co-ordinate and promote co-operation in the population field, UNFPA had held discussions with development agencies in Canada and Sweden about co-ordination of requests, especially regarding seminars, conferences and workshops.

308. As to the interest expressed at the seventeenth session regarding evaluation procedures, the Executive Director informed the Council that evaluation of a number of population and family planning programmes had been undertaken and others were planned.

UNFPA's belief was that evaluation should assist decision-making by assessing not only changes brought about by project inputs but also the relevance of these changes to short-term and long-range UNFPA activities.

309. Referring to comments made in the Budgetary and Finance Committee, the Executive Director stated that in presenting its request for approval authority, UNFPA was using essentially the same method as it had for the sixteenth session; it was admittedly a complex method and presentation and terminology could certainly be improved. The Fund would welcome suggestions in this respect. However, UNFPA believed that the basic elements of the system had merit since it facilitated year-to-year growth of expenditures on the basis, at least in part, of controlled over-programming. The Council was being asked to set upper levels for over-programming rather than merely to examine the planned level of UNFPA's expenditures.

310. The approval authority the Fund was seeking was to cover all expected allocations, commitments and obligations, whether by Council approval or approval of the Executive Director in consultation with the Administrator of UNDP. The 1976 and 1977 requests were determined by the portion of two- or three-year commitments expected to be made in 1974 and 1975, i.e., all approval authority for those years had already been fully programmed. The difference between the total approval authority for any given year and the so-called planning ceiling for that year was accounted for by the carry-forward from the previous year of allocated but unexpended funds.

311. The Executive Director said that the Work Plan in document (DP/47) showed a further emphasis on country programming; the status of large-scale country programmes was set forth in the annual report for 1973 (DP/44). Proposals for additional large-scale programmes in Bangladesh, India, Kenya, Pakistan and Turkey were now being submitted for approval; programmes for Bolivia, Ecuador, Honduras, Mexico, Morocco, Nigeria, Peru and the United Republic of Tanzania were in various stages of preparation, as well as a new phase of the agreement with Egypt. He drew attention to the agreement with India (DP/FPA/1/Add.10 and Corr.1); even if \$40 million was being requested for a five-year period, this represented merely 6 per cent of the total Government expenditures for population activities during the fifth five-year plan. This programme, as well as those proposed for Bangladesh and Pakistan and the on-going programme in Indonesia, showed that the Fund was now able to provide significant assistance to countries with large populations.

312. He also drew attention to the fact that the proposed agreements with India, Kenya, Pakistan and Turkey, now before the Council, were phrased in terms of five-year commitments, involving, in some cases, large sums of money. However, it was useful for the recipients to have a five-year perspective on the programmed activities. The Council might wish to approve the five-year total submitted as a planning figure and to authorize UNFPA to allocate funds for the first two years. After that period the Fund would report back to the Council on the status and future plans of the programmes and seek further authorization in the light of available resources.

313. The Executive Director informed the Council that prospects were excellent for UNFPA to meet its fund-raising target of \$54 million in 1974, and expressed thanks to the donor Governments. Continued support from them would be necessary in 1975 and beyond. At present half the Fund's resources were accounted for by 20 major country programmes. Expenditures for regional, interregional and global projects were being held level. If an additional 20 countries were to develop large-scale programmes, UNFPA would need increased resources in excess of current projections in the amount of at least \$40 million per annum. Continued support from the donors would thus be needed in 1975 and beyond.

Summary of discussion in the Council

314. Many members of the Council expressed appreciation to the Executive Director for the work done by UNFPA and the improved quality of the documentation.

315. Many members pointed to the increasing importance of population activities in the context of the economic and social problems of the world, and to the need for UNFPA to play an increasingly important role in co-ordinating these activities in line with the mandate given to it by the Economic and Social Council. Many members stressed that UNFPA should continue to perform its task in line with the policy guidelines set out in the report, namely, recognition of the sovereignty of States with regard to the formulation of population policies; the rights of parents to determine the size of their families and to obtain for this necessary information and means; voluntary participation of a country's population in population programmes; and respect for the wishes of Governments as to the mode of execution of population programmes. Many members made reference to the forthcoming World Population Conference, which, they felt, would influence the Fund's activities in future years. The frankness of the reports before the Council was appreciated by many members.

316. Though several members expressed satisfaction over the increased implementation rate, some found it too low, while some others expressed doubts as to whether UNFPA could achieve the projected rate of 88 per cent in 1977.

317. Commenting on the high proportion of regional, interregional and global activities, some members noted that there were a large number of seminars, conferences, workshops and symposia. The need to continue forcefully the trend towards a higher proportion of country programmes was stressed by many members. One member raised objections of principle to regional and interregional activities, since, in his view, they implied promotional efforts. Another member stressed the need for such activities. Many members pointed to what they felt was a low proportion of family planning projects both in the past and in the activities projected in the Work Plan. Some other members felt that the proportion of family planning projects should be kept low.

318. Some members said that the UNFPA would need more staff in the future to enable it to cope with its increasing programme responsibilities.

319. Some members expressed the view that UNFPA had completed its promotional stage and should now give greater emphasis to questions of implementation and evaluation. In this context, the Fund's intention to seek a greater proportion of implementation by institutions in recipient countries was welcomed by many members.

320. One member stated that his Government would be in a position to increase its contribution to UNFPA only if the Fund were to effect the increased emphasis on country programming called for by the Work Plan.

321. Some members raised questions on the documentation before the Council. They felt that the annual report, the Work Plan and the project and programme documents should be less descriptive, more analytical, and organized to bring out discussion of major problems. One member suggested that, in future, the annual report and the Work Plan could be merged.

322. Regarding the annual report (DP/44 and Corr.1 and DP/44/Add.1 and Corr.1), some members felt that no indication was given in it as to plans for improving the implementation rate. One member also urged that the breakdown by geographical areas

should be changed to include the area "Asia and the Pacific" rather than "Asia and Far East". Another requested that the area "Latin American and Caribbean" be listed as "Latin America" only. Another member felt that the 1973 projects listed in DP/44/Add.1 did not include sufficient information and that there were some inconsistencies in the list.

323. On the Work Plan, the question was raised by some members as to what criteria were used to determine the proportion of regional and interregional projects on the one hand, and country projects on the other. The need to adapt future Work Plans to the results of the World Population Conference was emphasized by some members, and one member felt that a decision on the Work Plan should be postponed until after the Conference.

324. Appreciation was generally expressed for the document on criteria for project approval (DP/45). One member, however, felt that there had been no effort to determine priorities among the criteria. Another member suggested that the criteria should also be incorporated in the format used for submitting projects for Council approval and that a standard format should be adopted. One member called for further elucidation of the criteria and suggested the inclusion of the existence or otherwise of a co-ordinating body in the country concerned as an additional criterion. A number of members called for wide distribution of the criteria paper to all countries interested in receiving assistance from UNFPA.

325. The majority of members concurred with the Executive Director's suggestion in DP/46 for a UNFPA pledging conference. Some members, however, pointed to difficulties faced by their Government with regard to such a conference in the autumn, in view of their budgetary cycle. Other members expressed doubts whether a regular pledging conference would lead to increased contributions, and one member felt that the decision should be postponed until after the World Population Conference. Another member suggested that a final decision on this matter should be made at the nineteenth session. It was also suggested by others that such a pledging conference should be linked with that for UNDP.

326. Members generally expressed approval for the Executive Director's request for approval authority contained in document DP/46. One member suggested that the rolling plan be "rolled forward" one year so that the Council would not have to give approval at a time when six months of the first year had already elapsed. Some members urged that the whole budgetary system be simplified and that the Executive Director present suggestions on this matter at a future session. One member wanted such a report to be submitted to the nineteenth session; another wanted it for the twentieth or twenty-first session. One member suggested that the figures requested for 1975 be reduced and those for 1976 increased. Another member suggested that the request be submitted in some correlation with the expenditures for the past year. One member felt that the estimates should be reviewed in the light of the World Population Conference.

327. General approval was expressed for the programmes and projects submitted for approval in documents DP/FPA/1 and Add.1-10. The proposed country programmes were generally endorsed and several members expressed satisfaction that the Fund had finally negotiated a comprehensive agreement with India.

328. Several members endorsed the Executive Director's remark that the Council might wish to approve for five years country agreements with five-year project budget totals specified as planning figures, and authorize the Fund to allocate appropriate amounts for the first two years - and after two years report to the Council on the status and plans of the programmes in the light of available resources.

329. Some members referred to the lack of uniformity in the format of the project documents and to the scarcity of information conveyed. The need to supply more financial data was emphasized by one member, who said that it was difficult to give approval to the proposals in these circumstances.

330. Satisfaction was expressed by several members over the higher proportion of country agreements submitted by UNFPA, although one member pointed out that this might be to the disadvantage of those countries which had not yet been able to formulate country programmes. One member urged that the term "country agreements" rather than "country programmes" be used for large-scale UNFPA assistance projects. Several members who were prospective beneficiaries of proposed comprehensive UNFPA assistance programmes expressed their satisfaction with the idea.

331. Turning to the other projects, some members urged that no attempt should be made to arrive at generalized conclusions from project DP/FPA/1/Add.4 (Research and training project on cultural values and population policies), in view of varying conditions in different countries. It was urged by others that intellectual direction of that project should not be given to an institution in a Western country and that it might be advisable to establish an advisory board on which objective scientific organizations should be represented.

332. Reference was made by some members to the need for adequate administrative support at UNFPA headquarters and, in this context, some members endorsed the estimates submitted by UNFPA and approved by the Budgetary and Finance Committee (DP/51). The need for a UNFPA information unit was stressed by one member. The improved co-ordination between UNFPA and UNDP field staff was welcomed. Some members sought clarification regarding co-operation between UNFPA and WHO.

333. One member requested that the Executive Director prepare an oral statement for the nineteenth session, and a written report for the twentieth session on how UNFPA was carrying out the role assigned to it by the Economic and Social Council to co-ordinate activities among all institutions active in the population field.

Observations of the UNFPA Administration

334. In response to observations made by members, the Executive Director stated that the improvement in the Fund's implementation ratio depended to a substantial extent on the active participation of the executing agencies of the United Nations system. The Fund was exerting efforts to eliminate obstacles in this respect and also hoped to achieve better results through direct implementation by institutions in the recipient countries. He added that he appreciated the concern expressed that the Fund take into account the results of the World Population Conference and that the Fund certainly would do so. He said that UNFPA would follow the suggestions made with regard to the improvement of its documentation. To draft them with more emphasis on problem areas would not only be helpful to the Council but also to decision-making in the Fund.

335. The Executive Director thanked members for their constructive criticism and for their continued support to UNFPA. He thanked members who had indicated increased contributions and appealed to developing countries which were in a position to do so also to contribute to UNFPA.

336. The Deputy Executive Director stated that the steps UNFPA had taken to improve the implementation ratio included improvements in programming procedures, more realistic budgeting, efforts to expedite the recruitment of experts, and advice to agencies not to include advisers in projects unless needed expertise were not available locally.

337. Regarding criteria used to divide UNFPA resources between country and regional, interregional and global projects, he stated that the latter were being kept on the 1973 level with adjustments only for rising costs. UNFPA was distributing resources between the executing agencies in accordance with their requests and was assigning the remaining resources to areas which it determined were useful in line with its mandate. UNFPA would continue to increase the proportion of country projects.

338. He stated that UNFPA would take into account various suggestions made in the discussion, namely that it might in future combine the Work Plan with a report on past activities, and would push the rolling plan one year forward; it would submit a report on its experience with that concept to the twentieth session of the Council. As to the proportion of family planning projects, he stated that, in this respect, UNFPA was in the hands of recipient Governments and had to accept their priorities. A recent poll had shown that 60 Governments found other areas of UNFPA assistance more important than family planning. As to the remarks about a high proportion of seminars and conferences in regional and interregional projects, he said that these headings also contained the very important elements of training and research.

339. Regarding the documentation submitted for the present session, the Deputy Executive Director said that UNFPA was aware it could be improved and would see to it that it was improved. The project documents had been prepared under time pressures and in some cases negotiations had been continuing beyond the deadline for submission of documents. But UNFPA had wanted to submit these projects and programmes at the eighteenth session to avoid undue delay. More coherent presentation would be made in future.

340. He said that UNFPA was making progress in becoming a co-ordinator between various institutions in the population field. This was already being done in all major projects.

341. He stated that there had been further negotiations with the Bangladesh Government; only half of the total of \$10 million had been programmed at the time document DP/FPA/1/Add.2 had been drafted, but further components had been agreed upon and the agreement was expected to be signed in July 1974. The proposed project in Haiti (DP/FPA/1/Add.3) had been revised in subsequent negotiations, and the total now stood at \$1,624,000 rather than \$2,016,700. Of the agreement with Turkey (DP/FPA/1/Add.6), \$3.5 million out of the requested total of \$10 million had already been programmed and the rest would be allocated after the experience of the first two years. As to the agreement with Ethiopia (DP/FPA/1/Add.7), the Government requested the doubling of the original figure of \$3.5 million but UNFPA could not agree in view of the fact that the entire African Census Programme had a proposed allocation of \$16 million. As to the project on cultural values (DP/FPA/1/Add.4), he assured members that an attempt would be made to arrive at formulae of general applicability.

Decision of the Governing Council

342. At its 439th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council, taking into account the comments, observations and preoccupations expressed by members in the Committee and the assurance given by the UNFPA Executive Director:

(a) Approved the estimates of 1975 requirements for administrative and programme support services of the UNFPA secretariat in a total amount of \$3,113,138 (net) as submitted in document DP/51 and comprising the following appropriation sections:

Section 1 - Salaries and wages	\$2 251 185
Section 2 - Common staff costs	572 453
Section 3 - Travel and transportation	135 000
Section 4 - Permanent equipment	15 000
Section 5 - Other general expenses	411 500
Section 6 - Reimbursement to UNDP	213 000
TOTAL GROSS	\$3 598 138

Less

Section 7 - Estimated income	485 000
TOTAL NET	\$3 113 138

(b) In order to finance these requirements, authorized an allocation in the amount of \$3,113,138 (net) from the resources of UNFPA.

343. At its 440th meeting, the Governing Council adopted the following decision:

The Governing Council

Bearing in mind that the 1974 World Population Conference will have significant implications on population matters,

Taking into account the comments and observations made during the discussion of the item on the United Nations Fund for Population Activities (UNFPA),

(a) Decided to give the Executive Director for the period 1975-1977 additional approval authority for project commitments up to the amount of \$80 million;

(b) Took note of the 1974-1977 UNFPA Work Plan contained in document DP/47;

(c) Approved the following proposed country agreements submitted by the Executive Director:

- (i) Bangladesh (DP/FPA/1/Add.2) in the amount of \$10 million for an estimated period of three years;
- (ii) Kenya (DP/FPA/1/Add.5) in the amount of \$3.5 million for an estimated period of five years;
- (iii) Turkey (DP/FPA/1/Add.6) in the amount of \$10 million for an estimated period of five years;
- (iv) Pakistan (DP/FPA/1/Add.8/Rev.1) in the amount of \$15 million for an estimated period of five years;
- (v) India (DP/FPA/1/Add.10 and Corr.1) in the amount of \$40 million for an estimated period of five years;

and authorized the Executive Director to allocate appropriate funds for the first two years of the five-year country agreements above and requested him to report on their status at the twenty-second session of the Governing Council;

(d) Approved the following projects in the amount of \$1 million or more or with innovative aspects or policy implications:

- (i) International audio-visual resource service (DP/FPA/1/Add.1 and Corr.1) in the amount of \$980,000;
- (ii) Family planning maternal and child health programme in Haiti (DP/FPA/1/Add.3) in the amount of \$1,625,000 for an estimated period of two years;
- (iii) Research and training project on cultural values and population policy (DP/FPA/1/Add.9) in the amount of \$475,000 for an estimated period of three years;
- (iv) Population census and sample survey in Ethiopia (DP/FPA/1/Add.7) in the amount of \$3,500,000 for an estimated period of four years;
- (v) World fertility survey (DP/FPA/1/Add.9 and Corr.1) in the amount of \$4,507,500 for an estimated period of three years;

(e) Noted the criteria for project approval contained in document DP/45 as requested at the seventeenth session of the Governing Council;

(f) Noted the intention of the Executive Director to hold annual pledging conferences, the first at United Nations headquarters in the autumn of 1975, the precise timing to be determined after further consultations with the Secretary-General of the United Nations and the Administrator of the United Nations Development Programme;

(g) Requested the Executive Director to work towards a standardized format providing relevant financial and planning information on proposed country agreements and projects submitted to the Council for approval;

(h) Decided to review at its twentieth session the rolling plan and programme budgeting system of the United Nations Fund for Population Activities on the basis of a report of the Executive Director.

CHAPTER X
UNITED NATIONS VOLUNTEERS

344. In his introduction of item 8 of the agenda, United Nations Volunteers (UNV), the Deputy Administrator (Administration) of UNDP reminded the Council of the plan of action presented to its eighteenth session. The main components of the plan were: (a) the fielding of teams of volunteers in selected countries (b) concentration on volunteer placements in the least developed countries, (c) increased recruitment of volunteers from developing countries, and (d) an increase in the capacity of some Resident Representative's Offices through the placement of field officers.

345. The Deputy Administrator referred to the growing importance of national domestic volunteer programmes and emphasized that UNV would develop effective communication with various youth organizations in order to define ways in which they could be assisted in development activities in their own countries.

346. He paid tribute to the work done by Mr. Assad Sadry, the first co-ordinator of UNV, and said the efforts of Ambassador Sadry were instrumental in creating UNV's structure and ensuring good relations with Governments which were the necessary base for the future growth of UNV.

347. He introduced Mr. John Gordon, who took up the post of Co-ordinator in January 1974.

348. The Co-ordinator then presented to the Council a brief statement on the progress of UNV to date and its plans for the future.

349. He said that the programme now had more than 42 per cent of its serving volunteers recruited from developing countries and that the proportion was expected to increase. Growing numbers of requests would permit the programme to field larger teams and to increase the present proportion of volunteers serving in least developed countries beyond the present 30 per cent. The present recruitment-placement target was 500 volunteers in the field by mid-1976 from 156 in May 1974; these were feasible given the rapid increases in the numbers of both requests and candidates.

350. The Co-ordinator noted that measures had been taken to speed the flow of candidates at UNV headquarters and in the specialized agencies; but that a number of recipient Governments were taking between three to five months to decide on candidates. These Governments were being approached to see if UNV could assist in the speeding up of clearances. Such long delays caused the drop-out of many excellent candidates.

351. He said the Administrator would present a full report on recruitment at the Governing Council in June 1975 which would include an evaluation of the two ISVS contracts. He noted that ISVS had recruited the 150 candidates required in its second contract and the Co-ordinator thanked ISVS for its efforts.

352. The Co-ordinator stated that two field officers would be placed in East and West Africa in 1975 to assist Resident Representatives in the administration of the programme. Such placements would also be considered for Asia and Latin America if the experiment in Africa was successful.

353. He stated that UNV could no longer think of simply placing volunteers, no matter whether they were recruited from industrialized or from developing countries, but must assist developing countries to develop their own youth and volunteer services. A number of small pilot projects would be undertaken in this direction in 1975.

354. The Co-ordinator drew attention to the difficulties of raising small amounts of money for youth projects and undertook to investigate various possibilities of finding funds. He noted that the Special Voluntary Fund would require replenishing in 1975.

355. He thanked members for the useful programming suggestions they had made to him personally and urged them to present them during the discussion in the Council.

356. The Co-ordinator put special emphasis on the hopes for youth involvement in development expressed in the General Assembly resolution which established UNV. He said that attending youth meetings had convinced him that youth were becoming disenchanted with the United Nations system's inability to respond to their needs and that imaginative programming, sometimes involving the taking of chances, was required.

Summary of discussion

357. Members of the Council thanked the Deputy Administrator (Administration) and the Co-ordinator for their reports and wished the new Co-ordinator success in his new job.

358. Many members noted with approval the increasing proportion of volunteers from developing countries serving in the programme and urged that this trend be accelerated.

359. One member expressed concern at the increase in the expenditures of the programme which was still experimental in nature and undergoing re-organization.

360. There was general approval of UNV's intention to increase its activities in assisting developing countries to develop their own youth and volunteer programmes. One member said his country was developing a youth programme and looked forward to co-operation with UNV.

361. Many members also expressed approval of the UNV's intent to place one field officer in each of East and West Africa and some members hoped that it would be possible to place a similar officer in Asia.

362. The UNV's concentration on teams and postings in least developed countries was generally welcomed, but one member expressed concern that, in fact, the number of countries with only one or two volunteers was growing. Some members expressed the desire that 70 per cent of volunteers be posted in least developed countries.

363. The representative of the Netherlands announced his Government's pledge of \$75,000 to the Special Voluntary Fund and the representative of the Federal Republic of Germany stated that his Government intended to double its contribution to \$80,000.

364. A number of members were concerned that UNV recruitment had not yet gathered sufficient momentum and at least one member regretted that the recruitment contract with ISVS had not displayed the progress anticipated. Many members welcomed the assumption of full recruitment responsibility by UNV and noted the increase in recruitment momentum during the previous few months.

365. Almost all members outlined the positive role that volunteers could play in development. One member commented on the high level of professional qualifications of volunteers placed in his country by UNV in the diverse areas of adult literacy, hotel and tourism training, fruit and vegetable processing, forestry, aircraft maintenance and telecommunications. Another member referred to the efforts of bilateral volunteers in contributing to the building of schools and factories.
366. Many members noted that in implementing the UNV programme, the Administrator had followed closely the guidelines laid down in General Assembly resolution 2659 (XXV) of 7 December 1970. One member stated that in general UNDP and the UNV should co-operate closely to define from the outset the specific tasks that could be performed by volunteers in projects implemented within the United Nations development system.
367. Two members offered the services of their Governments for project evaluation, training and recruitment of United Nations volunteers in developing countries, and several members indicated that increased recruitment for UNV could be expected from their countries.
368. Some members noted the importance of volunteers in technical co-operation between developing countries while others suggested that there could be room for placing a few volunteers from developing countries in certain sectors of more developed countries. The advantages the volunteer himself gained through his services were noted by some members and it was suggested by others that volunteers from developing countries too could gain valuable expertise through their service.
369. Several members urged that there should be no duplication between UNV and agencies such as ISVS and some suggested that if there was duplication, activities should be concentrated in UNV.
370. Some members noted the key recruitment role played by ISVS in the early years of UNV.
371. The Secretary-General of the International Secretariat for Volunteer Service (ISVS) addressed the Council, outlining the role played by ISVS since UNV's inception. He said that the two contracts with UNV were more than fulfilled. He said his organization provided 346 candidates during the first contract, of whom 233 were accepted, and 282 by 27 May 1974 in the second contract, of whom 176 were accepted. Both contracts for 150 volunteers were thus satisfactorily completed. Thus, he said, ISVS offered UNV 628 qualified candidates of whom 409 were accepted. During the same period, UNV received 458 requests for volunteers. He said ISVS did not have a recruiting monopoly for UNV as recruiting was also carried out by UNV itself and the Co-ordinating Committee for International Voluntary Service (CCIVS). He said that, as of the end of 1973, ISVS had recruited 83 per cent of the volunteers placed, UNV 13 per cent and CCIVS 4 per cent. He urged UNV to concentrate on volunteer placements until a suitable programme size had been reached and then to see if expansion was warranted.

Decision of the Governing Council

372. At its 438th meeting, the Governing Council took note with appreciation of the report of the Administrator (DP/48, Chapter IX E, Sections 1-4 and DP/63) and of the views expressed during the discussion.

CHAPTER XI

UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

373. The Commissioner for Technical Co-operation introduced the report of the Secretary-General (DP/RP/15) under item 10 of the Council's agenda. Rather than dwell on the contents of this report, however, he preferred to outline the further thinking of the United Nations on some of its aspects.

374. Recognizing the deficiencies in speed and quality of implementation, the Commissioner stated that improvements in this area were a continuous priority concern of the United Nations. He referred to constraints affecting the entire UNDP delivery system - not only the shortage of qualified experts and the effects of inflation but, more fundamentally, the inadequacy of present principles and procedures governing technical co-operation for the development requirements of the Third World in the context of the present world economic situation. The energy crisis and the primary commodities position bore witness to this. Thus, Decision 3 (LVI) of the Economic and Social Council called for a policy review of United Nations operational activities, which would also be a topic for the 1975 Special Session of the General Assembly on development problems. In the light of these factors, the Secretary-General had embarked upon an in-depth study of the operational structures of the United Nations which had not yet been completed.

375. In seeking radical solutions to these problems, the Commissioner stressed the necessity to establish priorities for action. First to be undertaken should be the definition of objectives and the means to achieve them. Also urgently needed was an evaluation of the UNDP country programming experience. He welcomed the UNDP intention to decentralize more responsibility to Resident Representatives and Project Managers, and to resort increasingly to national cadres for project execution. But such measures, to be fully effective, must be accompanied by a streamlining of the administrative machinery.

376. As one means already successfully developed for more effective response, he alluded to the use of small mobile teams such as the United Nations development advisory teams (UNDAT), coupled with more systematic training and use of national cadres and younger experts. Increased attention was being devoted to the mobilization of financial resources in the framework of the regular programme, an area in which much remained to be done. This included the use of the USSR rouble contribution.

377. Finally, he advocated a common view and a common approach, in a unified interdependent effort founded on close and continuous co-operation between the different components of the United Nations system under the leadership of the Secretary-General. As an example of the beneficial results of such collaboration, he referred to the relief and reconstruction operations in the Sahelian region.

Summary of discussion

378. The report of the Secretary-General and the opening statement of the Commissioner for Technical Co-operation were welcomed by the Council as presenting for the first time a sound basis for in-depth discussion of the implementation problems associated with United Nations operational activities, which had been requested at previous sessions of the Governing Council. Referring to the excellence of the report, one member requested additional copies for distribution in his country. Other members expressed satisfaction with the detailed information provided on the scope and complexity of the United Nations programme, and with the statistical tables in the report. The Council also expressed its appreciation for the introductory statement by the Commissioner, which was generally considered both encouraging and elucidating.

379. Several members drew attention to the unique character, scope and complexity of the United Nations technical co-operation activities outlined in the report and stressed the crucial nature of the United Nations activities for UNDP. The attention of the Council was drawn by some members to the highly sophisticated and specialized experts required for the United Nations programmes and to the importance of the fields of activity engaged in by the United Nations. The significance of the contribution made by the United Nations to country programming was noted. In this connexion, the Council emphasized the role of the Department of Economic and Social Affairs, with its responsibility for over-all development planning and its policy of integrating the theoretical with the practical,--thus serving as an irreplaceable reservoir of experience for the diagnosis of problems and perspectives of development. One member remarked that that observation was important and justified that Department's practice of never separating theoretical research from the development of practical applications. It was urged by others that all projects not falling within the purview of the specialized agencies should be entrusted to the United Nations.

380. Considerable interest was shown in the activities executed under the regular programme. Members noted with satisfaction their innovative character, although two members reiterated their previous positions that such activities should not be funded from the regular budget. Some members suggested that projects of the classical type should normally be under UNDP, and that the regular programme should be reserved for pilot and demonstration projects in the least developed countries and for short-term and immediate consultative services in the areas of policy and programme formulation. Some members expressed dissatisfaction with the present financial level of the regular programme, one of them stating that his Government would take initiatives to secure the increase needed in order to enable the programme to maintain minimum dynamism. Special interest was shown by members in the global project on "Research on Social and Economic Implications of Large-scale introduction of New Varieties of Food Grains" and it was requested that a report on the results be circulated for discussion as an agenda item at a future session of the Governing Council.

381. The review by the Secretary-General of the operational system of the United Nations, referred to in the opening statement of the Commissioner, was welcomed by many members as an extremely important step forward. It was felt that the Administrator of UNDP should be associated with this study and that the findings of the Secretary-General should be reported to the Council.

382. Members expressed satisfaction with the measures described in the report of the Secretary-General, which were designed to improve programme delivery by tackling the bottlenecks in recruitment, subcontracting and procurement. One member stated that these measures should form part of a general effort towards integration of the purchasing, subcontracting and recruitment services and the standardization of rules and procedures within the agencies. It was suggested that recruitment could be speeded up by providing more complete information to Governments on candidates as well as by providing advanced information on the country programming procedures to recruitment services. Several members agreed with the statement in the report that well-qualified experts had become difficult to find at the United Nations salary levels, and expressed the view that only candidates from developing countries would be attracted by present salary levels. One member drew attention to the paucity of nationals from his country in the United Nations technical co-operation programmes as revealed in the statistical tables annexed to the report, and renewed offers of facilities in his country for seminars, study tours and training courses, which he said were not at present being used. The view was expressed by some members that the proportion of experts on regional and interregional projects seemed rather high. It was suggested by some members that subcontracting would facilitate timely and rapid execution of projects, and information was requested by others on the criteria applied in deciding between subcontracting and direct recruitment or execution.

383. One member stated that delays in implementation resulted in cost increases due to inflation which in turn caused further delays. The linguistic requirements for fellowships caused delays and the insistence on language training as part of fellowships reduced the funds available for the specialized studies for which fellowships were intended. Commenting on this, another member pointed out the need for sufficient linguistic proficiency to benefit from the fellowship programme. The emphasis on training in the statement of the Commissioner was generally welcomed.

384. One member cautioned about pursuing the normal activities of the United Nations technical assistance programme for the exploration of natural resources such as those reflected in paragraphs 7 and 8 of DP/RP/15 as well as the proposed functions of the United Nations Revolving Fund for Natural Resources Exploration. The same member also noted that, while the obligations incurred during 1973 for economic development activities had increased compared to the previous year, the number of experts had decreased.

385. Also generally welcomed were initiatives taken by the United Nations to broaden operational links with Regional Economic Commissions, and the significance of this for the decision on delegation to the Regional Commissions which was under consideration by the Council.

Observations of the Director of the Office of Technical Co-operation

386. In his response to the Council's discussion, the Director of the Office of Technical Co-operation expressed the gratification of the Commissioner and himself at the favourable reception of the report of the Secretary-General and the statement of the Commissioner, and the encouraging reaction to the review of the operational structure of the United Nations which the Secretary-General was undertaking. He said that in pursuance of broader operational links with the Regional Economic Commissions, the Director would visit one of the Regional Commissions after the Council's session to discuss mutual collaboration towards this end.

387. He noted the comments on the regular programme with satisfaction. In response to the interest shown in the project on "Research on Social and Economic Implications of Large-Scale Introduction of New Varieties of Food Grains", he regretted the omission in the report of a reference to the United Nations Research Institute for Social Development (UNRISD) which was undertaking the project. The request of another member for the services of a United Nations development advisory team (UNDAT) in his country had been noted and would be followed up.

388. He gave assurances that the establishment of the Revolving Fund for Natural Resources Exploration would not deprive countries of the option to use the UNDP IPF for mineral exploration, although the intention was to free the IPF for other purposes of a less speculative nature.

389. He explained that the young economists programme in no way conflicted with the associate experts scheme. The former were recruited on a global scale, whereas the latter were provided by a limited number of countries. Moreover, whereas associate experts served under the supervision of another expert, the young economists worked directly within the Government's administrative structure.

390. On the measures being taken to reduce delays in the recruitment process, the Director welcomed the new UNDP procedures enlarging the delegation of authority to Resident Representatives, who would henceforth be responsible for formulating pipeline projects in some detail months in advance. This procedure would lengthen the lead time for recruitment and thereby speed up delivery.

391. The time spent on canvassing for candidates could also be minimized through establishing a roster of currently available candidates, thus eliminating in many cases the two-month delay incurred in circulating job descriptions to national recruitment committees. The developing countries having no established recruitment machinery could contribute by taking initiatives to present panels of well qualified candidates in a variety of fields. These countries could also speed up the selection stage of the recruitment process by approving more than one candidate, so that no time would be lost if a first candidate was ultimately not available. Wherever possible, the United Nations endeavoured to submit more than one candidate for a given post.

392. Regarding criteria applied in determining whether or not to subcontract, the Director stated that a multiplicity of factors was involved and that no simple answer could be given. In making such decisions, the views expressed by the Governing Council in the past had been taken into account. Generally, it was more difficult to ensure a satisfactory training component through subcontracts, and direct recruitment was normally preferred where training of nations was of primary importance, particularly in institution building. On the other hand, for a complicated project involving a variety of experts in many different disciplines, the orchestration of expert inputs was more easily achieved through a subcontract.

393. In response to a specific question from one member, the Director stated that the South Africans listed in the fellowship tables comprised refugees from Namibia, Southern Rhodesia and other countries.

Decision of the Governing Council

394. At its 440th meeting, the Governing Council took note with satisfaction of the report of the Secretary-General on the United Nations technical co-operation activities (DP/RP/15), the opening statement of the Under-Secretary-General, Commissioner for Technical Co-operation, the statements and comments made by members of the Council, and the final observations of the Director of the Office of Technical Co-operation.

CHAPTER XII

INFORMATION ON THE ACTIVITIES OF THE UNITED NATIONS ORGANIZATIONS UNDER THE REGULAR PROGRAMMES OF TECHNICAL ASSISTANCE DURING 1973

395. Under item 11 of its agenda, the Council had before it a note by the Administrator (DP/54) and summary statements from the following organizations on the size and composition of their regular programmes of technical assistance: the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the International Bank for Reconstruction and Development (IBRD), the International Civil Aviation Organization (ICAO), the Universal Postal Union (UPU), the International Telecommunication Union (ITU), the World Meteorological Organization (WMO), the Inter-Governmental Maritime Consultative Organization (IMCO), the International Atomic Energy Agency (IAEA), the United Nations Industrial Development Organization (UNIDO), and the United Nations Children's Fund (UNICEF) (DP/54/Add.1 and 2). Information on the expenditures of the regular programmes in 1973 were consolidated into two tables in the Administrator's note. The first showed expenditures of each organization according to ACC programme classification; the second showed expenditures of each organization by region and by country or area.

396. Introducing this item in the Council, the Deputy Administrator (Programme) drew attention to the expenditures from extra-budgetary sources totalling almost \$75 million. He invited the comments of members regarding this significant sum.

Summary of the discussion

397. Members generally welcomed the information provided, noting with satisfaction the new format in which the statistical data were presented. Several members expressed appreciation for the fact that some of the agencies had provided information showing how their regular programmes related to the activities of UNDP and expressed the hope the other organizations would soon follow suit. Such information would be a useful complement to UNDP documentation. Several members also felt that analytical comments by the Administrator on the data provided would be very useful, particularly in helping the Council to review country programmes.

398. The increasingly important role of UNIDO in technical assistance was noted by one member who urged that this organization should be given greater support. Another member drew the Council's attention to the general downward trend of the regular programmes of technical assistance in virtually every sector but health. He expressed concern that the agencies' budgetary constraints were preventing them from complying with their respective mandates to render technical assistance for development. Another member, although noting that UNICEF was not an executing agency of UNDP, was pleased that it had contributed information on its activities and remarked that UNICEF field representatives participated in many instances in the UNDP country programming exercise.

Decision of the Governing Council

399. At its 439th meeting, the Governing Council took note with appreciation of the documents submitted under this item (DP/54 and Add.1 and 2), and of the statements made by members during the discussion.

CHAPTER XIII

BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS

400. The Governing Council considered the budgetary, financial and administrative matters before it under item 4 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, 1972 to 1976, and comprehensive report on financial activities during 1973, and audit reports for the previous year (DP/L.295/Add.3);
- (b) Agency overhead costs (DP/L.295/Add.2); and
- (c) Budget estimates for the year 1975 (DP/L.295/Add.1)

A. FINANCIAL OUTLOOK 1972-1976 AND FINANCIAL ACTIVITIES IN 1973 OF UNDP, AND AUDIT REPORTS

401. Under agenda item 4 (a), the Budgetary and Finance Committee had for review document DP/56 which: (a) provided the current estimates of resources and programme cost for the period 1972-1976, indicating an estimated surplus of \$80.2 million for planning purposes by the end of the first development cycle, which might, however, be affected by various uncertainties including those in the international money market; (b) presented a review of cash flows and liquidity position; (c) contained a report on the effects of inflation and currency realignment on the capacity of UNDP to finance projects, prepared in response to the Council's decision at its sixteenth session; (d) presented a comprehensive report on the financial activities in 1973; and (e) disclosed the status of the Programme Reserve in 1973.

402. The Budgetary and Finance Committee also had before it under agenda item 4 (a) document DP/42 containing the audit reports and the audited accounts of the Participating and Executing Agencies relating to funds allocated to them by UNDP as at 31 December 1972 as required by UNDP Financial Regulations 15.2 and 15.3.

403. The Administrator opened the discussion on this item by informing the Committee of the developments that had occurred since the Government Council's seventeenth session having an impact upon UNDP resources and the events which had taken place of concern to UNDP. He further stated his expectations as to the level of resources that might become available in the future and informed the Committee of his consultations with some of the major oil producing countries. On the whole, the Administrator was of the opinion that future prospects for UNDP resources were quite promising and that there were good possibilities to attain the target of a \$500 million annual programme within the next few years.

404. Commenting on the substance of the reports before the Committee, the Assistant Administrator, Bureau of Administration and Finance, covered the reasons for the Administrator's proposal for a cautious approach, at this stage, regarding the utilization of additional funds which might be available at the end of the present development cycle. He added, however, that since the preparation of document DP/56 the Administrator had learned that the largest contributor to UNDP was now in a position to make a firm pledge to the Programme.

405. Commenting on the status of the Programme Reserve in 1973, the Assistant Administrator drew the Committee's attention to the continuing difficulties being encountered in utilizing the resources of the Programme Reserve as required by relevant decisions of the Governing Council. He went on to suggest that in order to overcome these difficulties, the Committee might wish to recommend to the Governing Council that the Administrator be authorized to retain the unspent funds in the Programme Reserve at the end of each year and carry the amount over to the next financial year. Adopting this procedure might allow the Administrator to use more effectively the resources allocated by the Council for the Programme Reserve.

Summary of discussion in the Committee

406. In commenting on the Administrator's report on the estimates of resources and programme costs (DP/56), most speakers expressed their satisfaction with the format and content of the report. Concerning the projected planning surplus of \$80.2 million, a consensus emerged in support of the Administrator's recommendation to defer a definite course of action until the Council's nineteenth session, by which time the results of the 1975 Pledging Conference would be known. While supporting this cautious approach, a number of members voiced concern over undue delay in this respect and maintained that the Council should not defer programming of the net planning surplus indefinitely; consequently, they expressed the view that the Council should proceed with the necessary action well before the end of the present development cycle. In this connexion, it was suggested that a portion of the anticipated planning surplus should be used for programmes of high priority, divided in accordance with current distribution of IPFs, which were not now being supported because of lack of funds.

407. Commenting on the question of the unspent balance of the Programme Reserve for the year 1973, some members maintained that they would have preferred to see the resources devoted to the programme for 1973 fully utilized. There was general agreement in the Committee to support the suggestion that the Administrator be allowed to roll forward unspent balances remaining in the Programme Reserve at the end of this financial year. Several members expressed the view that this principle should be applied in future years. Some members felt, however, that, rather than approving an automatic roll forward at the end of each year, it would be preferable if the Administrator were to report annually to the Council at its June session on the utilization on the Programme Reserve during the preceding year, with specific proposals as to possible uses for the unspent funds in the Programme Reserve in the current or future financial years.

408. The improved liquidity position of the Programme was welcomed. Some members informed the Committee of their intention to make payments early in the calendar year. In this connexion, others expressed concern over the continued problem of outstanding unpaid contributions which were constraining the achievement of the goals of the Programme. While recognizing the difficulties that might be involved in some cases, appeals were made for all concerned to make every effort with a view to ensuring prompt and full payment of all outstanding items.

409. On the subject of the level and composition of the Operational Reserve, several members favoured a review of the level and composition of the Operational Reserve at an early date. In commenting on this question, the Assistant Administrator suggested that such a review could be undertaken at the Council's twentieth session, by which time the necessary documentation could be available. Some members expressed their concern over the use of the Operational Reserve on a regular basis for financing current activities and projects. Concern was also voiced over the investment of funds of the Operational Reserve rather than using such funds to assist developing countries. Views were also expressed about the shrinkage in the convertible portion of the Operational Reserve and one member requested that future reports on the estimates of resources and programme costs should include data on the composition of the Operational Reserve and details on the nature and currencies of the investments of funds in the Operational Reserve. Some members expressed the view that the present level of the Operational Reserve was appropriate.

410. In referring to the Administrator's study on the effects of inflation and currency realignments on the capacity of UNDP to finance technical assistance projects, members of the Committee expressed their appreciation for this new element in the report and a number of members felt that this study should be updated in the future and made available to the Governing Council at periodic intervals. Several members of the Committee voiced serious concern over the erosion in UNDP activities resulting from the impact of world-wide inflation and expressed the hope that this subject be kept under review. One member suggested that, in the next studies on this subject, the percentage increase in cost due to currency realignments should be added to that due to inflation, and that the impact on the purchasing power of IPFs and on the value of UNDP's investment should be quantified.

411. A number of members, in commenting on the audit reports of the Participating and Executing Agencies contained in document DP/42, drew attention to specific comments of the Auditors and requested the Administrator to take them fully into account. Some asked that the audit reports be speeded up as suggested by the Board of Auditors. A few requested more explanation on the use of the standard cost system. Appreciation was expressed for the very thorough and important work of the various Auditors in this regard and the value of their comments to members of the Governing Council.

412. Some members referred to the Administrator's note verbale of 19 April 1974 requesting approval of the Governing Council for supplementary appropriations for the financial year 1973 which would increase the level of the programme support and administrative budget from a net amount of \$35,892,300 to \$36,382,151. The Chairman, in referring to this matter, expressed the concern of the Committee that the procedure followed might have been at variance with the UNDP Financial Regulations and he referred to the advisability of having a draft decision for the Council on this subject.

Observations of the Administration in the Committee

413. The Deputy Administrator, in commenting on measures to improve implementation as recommended in the audit reports, gave an exposé on the measures being taken by UNDP to improve the delivery rate. This question was subsequently discussed by the Council during the consideration of agenda item 5. Observations made by the Administrator on this question are reflected in Chapter III of the Council's report. In that respect, the Assistant Administrator stated that the Executing Agencies' estimates of project expenditure could be a useful yardstick for measuring efforts being made to improve implementation.

Decision of the Governing Council

414. At its 439th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council:

- (a) Took note of document DP/56 setting out the estimated resources and projections of UNDP programme costs for the period 1972-1976 including the report on the impact of inflation, and also document DP/42 containing the audit reports of the Participating and Executing Agencies on the UNDP accounts as at 31 December 1972 as well as the comments and observations expressed by members of the Committee thereon;
- (b) Agreed that the unspent balance in the Programme Reserve be carried over from 1973 to 1974 and decided to re-examine the question of the carry over of the Programme Reserve at the twentieth session;
- (c) Agreed to defer not later than the twentieth session of the Council the question of programming the net planning surplus indicated at that time; and
- (d) Approved the actual expenditures of administrative and programme support services costs for 1973 in a total net amount of \$36,382,151, which included the transfer of credits between budget sections as well as additional gross expenditures of \$34,937.

B. AGENCY OVERHEAD COSTS

415. Under agenda item 4 (c), the Budgetary and Finance Committee had before it a note by the Administrator (DP/65) on the subject of agency overhead costs. In this report, the Administrator noted that the term "Agency Overhead Costs" was in the process of being replaced in general usage by the term "Programme Support Costs" and that the Administrative Committee on Co-ordination had shown an apparent preference for using the latter term. The Administrator proposed to make the shift in terms in future UNDP reports if the Governing Council did not object. The Administrator's note also reviewed developments since the Council's last session on the question of agency overhead costs and proposed an interim arrangement with regard to the reimbursement by UNDP of agency overhead costs which would amount to a 1 per cent increase in the rate for 1974 and 1975, i.e. from 13 per cent to 14 per cent. The additional resources required to effect a 1 per cent increase over the two year period, 1974 and 1975, was estimated at \$6.0 million. The present system of flexible overhead arrangements for the smaller agencies could continue unaffected by the increase in the reimbursement percentage for the larger agencies.

416. The Deputy Administrator (Administration) introduced the report before the Committee (DP/65), noting particularly the Council's grave concern expressed at its seventeenth session over the high level of agency overhead costs. Although results of the study carried out by the CCAQ and its Task Force had indicated that programme support costs averaged some 23 per cent for the larger agencies participating in the cost measurement system study with 19 per cent as the lowest figure, it was noted that CCAQ did not suggest that the total programme support costs should be reimbursed by UNDP. The Deputy Administrator then commented on the Administrator's proposed change in the term agency overhead costs referred to above and covered the reasons which had led the Administrator to request the Governing Council to authorize an increase of 1 per cent, from the existing 13 per cent to 14 per cent, in the overhead reimbursement rate for the years 1974 and 1975. Reference was made to the fact that when the Administrator had consulted the Executive Heads of the United Nations the specialized agencies and the IAEA in the Administrative Committee on Co-ordination and the Inter-Agency Consultative Board on this matter, there was a consensus among them to urge the Administrator to put forward an interim proposal to the Governing Council that agency overhead reimbursements be increased by 1 per cent for 1974 and 1975. This proposal should not be prejudicial to the ultimate and final solution of the long-standing question of the method to be used for determining the level of overhead costs to be reimbursed by UNDP.

417. The representative of the Food and Agriculture Organization of the United Nations (FAO) expressed the agreement of FAO to the Administrator's proposed interim arrangement. He expressed the view that, based on the extensive work carried out by the CCAQ and its Task Force and the careful analysis and summation of the data provided by the four organizations participating in the cost measurement exercise, it was clear that programme support costs exceeded the present 13 per cent reimbursement rate. If the Executing Agencies for UNDP projects were to deliver a useful programme of a high quality, extremely close co-ordination was required between UNDP and its governing body and the Executing Agencies and their governing bodies. The representative of FAO said that the studies which his organization had carried out on its own costs of implementing UNDP projects showed that FAO was subsidizing such work to the extent of 5 to 6 per cent over a biennial budget period and that governing bodies must be faced with the realities of this situation. FAO estimated that it faced a shortage of \$3.0 million in its resources over the current biennium. Also the impact of inflationary forces had had a special impact on the FAO programme, which, of course, had implications for the projects it carried out on behalf of UNDP. For the current biennium, 1974/1975, the FAO General Conference had allowed an amount of \$1.0 million to meet additional programme support costs related to the UNDP programme and it was evident that this \$1.0 million amount would be inadequate. The representative of the International Labour Organisation (ILO) associated himself with the comments of the representative of FAO and stated that ILO was in the same plight as FAO. The representative of ILO assured the Committee that ILO was willing to co-operate fully with UNDP in reaching an acceptable solution to the problem.

Summary of discussion in the Committee

418. There was general agreement in the Committee that because of the lack of documentation, it was not possible to reach a decision on the whole question. It was also felt that at this session the Budgetary and Finance Committee should confine itself to the question of an interim arrangement proposed by the Administrator.

419. During the course of the discussion, three differing points of view were expressed with regard to the Administrator's proposal for an interim increase of 1 per cent in the reimbursement of agency overheads. Several members of the Committee expressed strong opposition to any increase in the reimbursement percentage at the present time and wanted the matter postponed until the nineteenth session of the Council in January 1975, when additional data would be available on the subject. Some representatives in the Committee felt that they could go along with a 1 per cent increase, but only for the year 1974. A few members expressed support for the Administrator's proposal.

420. Many members of the Committee expressed concern over the high level of overhead costs for UNDP projects. Some members expressed their dissatisfaction as regards the lack of documentation and stated that the Council had expected to have those documents available for its discussion at its eighteenth session. Opinions were voiced that it was not possible for the Committee to reach a decision on the interim arrangement in the absence of the anticipated documentation from the CCAQ, the ACABQ and the JIU. One representative stated that it would have been better for the Administrator not to have put forward his proposal since the expected documentation was not available. Another representative reiterated his delegation's view that it had always opposed a flat rate reimbursement of overhead costs since it believed that UNDP should pay for only clearly identifiable additional cost on a project by project or project type basis. Another representative felt that the provision for overhead costs should be included in the individual IPF and thus would be subject to negotiation on a project by project or case by case basis. The point of view was expressed that overhead costs should be met entirely from the resources of UNDP.

421. As regards the question of whether the Council should accept the term "Programme Support Costs" instead of the familiar term "Agency Overhead Costs", several members favoured retention of the term "Agency Overhead Costs". Some members felt no change in terms should be made at this time since the Council could return to this matter at its January 1975 session. A few members of the Committee, however, had no difficulty in accepting the new term "Programme Support Costs" instead of the term "Agency Overhead Costs".

422. One member expressed the view, shared by others, that inflation did not affect reimbursement of agency overhead costs since the figure of 13 per cent used for reimbursing overhead costs, if it remained unchanged, would be the same percentage that would be applied to projects executed during the year and whose value would also increase annually as a consequence of inflation. Another member said that overhead costs were calculated on the basis of "standard cost" for experts and that they were, therefore, not a true 13 per cent of project expenditure because it was reduced by inflation.

423. Subsequent to the above discussion, the Deputy Administrator noted the clear view expressed in the Committee that the Governing Council would not approve a substantial increase in the level of the reimbursement of overhead costs to Executing Agencies. The Assistant Administrator, Bureau of Administration and Finance, then requested guidance from the Committee concerning the continued participation by UNDP in the cost measurement system, noting in particular the costs involved and the man-hours of time which were being used by UNDP for this task. In this respect, some members stated that the views of the JIU should be sought on this matter.

424. During the discussions in the Committee on its draft recommendation to the Council, the Deputy Administrator explained an administrative change that would be made in determining the amount of overhead cost to be reimbursed to the larger agencies for 1974. In order to take into account any loss in overhead entitlements which the agencies might have suffered as a result of inflation and increases in the actual costs of experts when compared to the present \$30,000 standard cost of experts being used in project budgets, the Administrator was prepared to recalculate the agency overhead entitlements for these agencies that were not covered under the flexibility arrangements over the three years 1972-1974 on the basis of the total actual costs of experts used on projects as compared to the \$30,000 standard cost per expert. In those cases where the overheads earned on the basis of this new recalculation resulted in an increased overhead entitlement over the three years, additional reimbursements would be made. In those cases where the recalculation did not result in an increase in the overhead entitlement, no downward adjustment would be made primarily because these agencies had initially planned their project implementation on the basis of overheads to be earned using the \$30,000 standard costs.

425. The representative of UPU spoke on the subject of flexibility arrangements for overheads paid to the smaller agencies and sought confirmation from the Committee that the draft decision it recommended to the Governing Council would not in any way alter the approved flexible overhead entitlements for 1974. It was explained to the representative of UPU that the Committee was not recommending any change in the flexibility arrangements for 1974 previously approved by the Council. The representative of the Administrator also confirmed the Administrator's understanding that no increase in the flexible overhead entitlements for 1974, as spelled out in DP/37 and subsequently approved by the Council, were contemplated by the Committee in its draft decision.

426. During the discussion some members stressed the necessity for the documentation on this subject being made available to member Governments as early as possible, in any case before the nineteenth session.

Decision of the Governing Council

427. At its 439th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Recalling the decisions with regard to agency overhead costs taken at the sixteenth and seventeenth sessions,

(a) Took note of the report by the Administrator (DP/65) and the comments of the ACABQ in document DP/62 as well as the statements made in the Budgetary and Finance Committee by the Deputy Administrator, the Assistant Administrator and the representatives of FAO and ILO;

(b) Further took note of the observations and comments made by members in the Budgetary and Finance Committee during the consideration of this item;

(c) Reiterated the grave concern expressed on previous occasions about the level of agency overhead costs;

- (d) Decided to prolong the present system for the reimbursement of agency overhead costs by UNDP to the agencies for the year 1974;
- (e) Decided further to postpone to its nineteenth session in 1975 a decision as to what extent additional overhead costs that might have been incurred by the agencies should be partly reimbursed by UNDP for the year 1974;
- (f) Decided to consider again at its nineteenth session in 1975 the question of agency overhead costs on the basis of the final report of the CCAQ Task Force, the comments thereon by the Joint Inspection Unit and the ACABQ, as well as the comments of the Administrator and individual Executing Agencies including the FAO study on cost accounting by project or project type basis;
- (g) Requested the Administrator to propose a new system for reimbursement of agency overhead costs in order to facilitate a policy decision by the Governing Council at the nineteenth session;
- (h) Requested the Administrator to make all efforts to ensure that the documentation referred to in paragraphs (f) and (g) above will be available to member Governments before the nineteenth session of the Governing Council;
- (i) Invited the Joint Inspection Unit, when it considers the CCAQ Task Force report referred to in paragraph (f) above, to submit recommendations on the extent to which the present cost measurement system should be continued beyond 1 January 1975; and
- (j) Also decided to continue at its nineteenth session consideration of the proposed change of nomenclature from agency overhead costs to programme support costs.

C. BUDGET ESTIMATES FOR THE YEAR 1975

428. Under item 4 (b), the Budgetary and Finance Committee had before it the Administrator's budget estimates for the administrative and programme support services of UNDP for the year 1975 (DP/61), a note by the Administrator (DP/64) on the subject of feasibility of introducing a biennial cycle for the UNDP administrative and programme support services budget and the related report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (DP/62).

429. In introducing this item in the Committee, the Administrator stated that his 1975 budget request was designed not only to reflect a measure of budgetary and organizational structure stability but also to reflect his determination to contain and reduce administrative costs whenever possible. He indicated that he had proposed a reduction of 30 international posts in the UNDP over-all staffing establishment for 1975 as compared with the 1974 staffing establishment, with a resulting saving in an amount of \$577,300. He explained that although UNDP was now geared to handle a larger programme of an order of magnitude of \$500-600 million annually, minimal incremental additions might be necessary in future.

430. The Administrator explained that, despite the saving which he expected to realize in 1975 by reducing 30 international posts, he would still require an increase of 8.18 per cent over the initial budget level approved for 1974 just to cover increases anticipated for the forthcoming financial year.

431. With regard to the organizational structure at headquarters and in the field, he outlined in some detail the steps being taken to decentralize responsibility for programming and implementation from headquarters to the country level in accordance with the principles of the Consensus. He also informed the Committee of the steps being taken to streamline the functions of the Regional Bureaux at headquarters which would allow their directorates to concentrate more on policy matters. In this regard, he explained the measures taken to streamline and strengthen the operation of the Regional Bureau for Africa.

432. In order to ensure that UNDP would always be able to recruit and retain staff of the highest calibre and in order to further streamline and strengthen UNDP he felt that a limited number of posts would need to be upgraded.

433. With regard to staff training activities, the Administrator informed the Committee that while the 1975 estimates reflected a marginal increase over 1974 he foresaw a larger and more vigorous training programme being presented in future years.

434. The Assistant Administrator, Bureau of Administration and Finance, in his supplementary introductory comments, referred to the report of the ACABQ, and in particular to paragraph 16 of the Advisory Committee report, which dealt with consultants services. He informed the Committee that UNDP may find it essential in the future to expand the utilization of consultant services in order to provide prompt expert assistance to the Resident Representatives at the country level. He also informed the Committee of studies currently underway concerning the question of the establishment of a global procurement office, to be financed from overhead costs, not only for making bulk purchases of equipment but also to distribute more equitably such purchases from among all countries.

Summary of discussion in the Committee

435. The Committee expressed satisfaction with the clarity of the estimates and the lucid and informative statements which the Administrator and the Assistant Administrator, Bureau of Administration and Finance, had made in introducing the estimates in the Committee.

436. While appreciating the Administrator's efforts and determination to contain and reduce administrative costs, some members felt that further economies could be made, particularly in such items as travel on official business, home leave, common staff costs, public information costs and consultants. Concern was also expressed at the high proportion of administrative costs in relation to field programme costs although it was recognized at the same time that this situation was aggravated by the lower rate of programme implementation.

437. In regard to the proposed reclassification of existing professional posts to the higher levels, the majority of members supported the Administrator's proposals. In doing so, some members expressed the view that UNDP should continue to be able to recruit and retain staff of the highest calibre, while others expressed the view that since the reduction in posts would increase the responsibilities of existing staff, the proposals by the Administrator were justified. Others, however, supported the comments made by the ACABQ in paragraph 13 of its report (DP/62).

438. As concerns the reduction of posts proposed in the estimates, some members stated that they had expected to see more reductions at headquarters than from the field establishment. Others expressed the hope that such a reduction would not impair the efficiency of UNDP and hamper its programme implementation.

439. Commenting on the information provided orally by the Assistant Administrator, Bureau of Administration and Finance, in his introductory comments concerning global procurement, some members expressed their appreciation for the efforts being made for ensuring equitable geographical distribution in the purchase of supplies and equipment and welcomed the measures taken by the Administrator concerning the establishment of a global procurement office. Another member welcomed the opportunity for making increased purchases from developing countries.

440. Satisfaction was expressed regarding experiences so far of direct execution by UNDP. Some members supported the use of subcontracting by UNDP in its direct execution of projects. Some concern was expressed at the contemplated growth in the staffing of the Project Execution Division. In this connexion, one member expressed the view that direct execution of projects by UNDP might, in the long run, cost more in terms of overheads than had been indicated by the Administrator.

441. There was general support for the Administrator's proposal and the ACABQ's comments thereon regarding the assumption by UNDP of its own audit functions, which were heretofore performed by the Internal Audit Service of the United Nations. In that respect, a few members expressed the view that possible additional auditing costs might in turn be offset by economies achieved through enhanced management inspection and audit activities. Another member stated the view that audit and inspection functions must be kept separate from operational responsibilities.

442. During the discussion in the Committee, a few members questioned the necessity of holding regional meetings of Resident Representatives, and reference was made in particular to the periodicity of such meetings and as to why no regional meeting of Resident Representatives in Africa was planned in 1975.

443. On the question of staff training, several members welcomed the Administrator's continued efforts to develop a more systematic programme of staff training and suggested that the resources requested for this purpose in 1975, which in relation to staff services costs was small, might be increased in future years. Reference was also made to the desirability of strengthening the career development opportunities within UNDP, for existing staff as well as for newly recruited people, particularly from the United Nations system. Some members also stressed the importance of expanding fixed term employment in the UNDP.

444. A number of questions were raised about the estimates requested for public information activities in 1975. Some members shared the view expressed by the ACABQ that economies could be achieved through closer co-operation with the United Nations Office of Public Information and its Centre for Economic and Social Information.

445. As concerns the United Nations Volunteers programme, several members endorsed the budgetary proposals as presented. One member expressed the view that the increase in the estimates requested for this activity were not warranted by the past performance of the programme. Another member suggested that the United Nations Volunteers programme should avail itself of the normal UNDP recruitment services and one member welcomed the additional post requested for assistance to the domestic volunteer service.

446. Some members pointed out that anomalies existed in the number of staff and related costs of the field offices in countries having the same IPFs and requested information regarding the establishment of cost effectiveness and efficiency comparisons in such cases.

447. There were mixed feelings in the Committee on the question of introducing a biennial cycle for the UNDP administrative and programme support services budget. Some members, while supporting the adoption of a biennial cycle for the budget, expressed doubts about the desirability of formulating the UNDP budget along programme lines as suggested by the ACABQ in paragraph 21 of its report (DP/62). Others, while expressing their support in principle for the introduction of a biennial budget cycle, requested that further details be provided to the nineteenth session of the Council covering (a) the additional measures of flexibility and the changes in the UNDP Financial Regulations and Rules which might be required, and (b) the periodicity of audits which would result from the adoption of a biennial budget cycle. Reference was also made to the desirability of having the results of the experience gained by other organizations within the United Nations system that had adopted biennial budget cycles before a final decision could be taken by the Council on this matter. In regard to the form of the budget, one member expressed the view that the adoption of a performance budget presentation should be considered by the Administrator.

Observations of the Administration in the Committee

448. During the discussion, the Administrator responded to comments made by members of the Committee, particularly on the question of reclassification of posts. He informed the Committee that his proposals were based on the increased responsibilities attached to each post and not as a means for additional financial compensation. He stated that he was personally satisfied with the proposal as also being economical and indicated that the budgetary implications of these reclassifications would amount to some US \$30,000, while, as a corollary to this, he was proposing a reduction in staff amounting to \$577,300. He emphasized that he felt that this matter was a management responsibility but assured the Committee of his intention to review personally the reclassification programme so as to ensure the propriety of each case. He also informed the Committee that more reclassification of existing posts might be required to enable UNDP to maintain the high calibre and competent staff it should have but he stressed that any additional reclassification would be the subject of discussion in the Council at future sessions. While accepting the Administrator's assurances, several members expressed their continuing concern that individual reclassifications should not become a substitute for adjustments to the salary scales and that the UNDP should continue to adhere to the United Nations system.

449. In reply to specific questions raised concerning the level of the budget estimates, the Assistant Administrator assured members of the Committee that no efforts would be spared in order to achieve the containment of administrative costs in various fields. In response to questions regarding the reduction of international posts in field offices, he informed the Committee that the total reduction of 18 posts had been identified after careful examination by the Resident Representatives concerned and by the Management Inspection Service. In response to comments made concerning apparent anomalies in the number of staff and the related costs of the field offices in countries having the same IPTs, he referred to those factors which affected the staffing and the cost of field offices, such as the cost of living in the particular locality and the host Government's contribution towards the cost of Resident Representatives' offices.

450. Commenting on a specific question raised concerning staffing of UNDP offices in the least developed of the developing countries, the Assistant Administrator assured the Committee that UNDP was making progress in strengthening these offices.

451. On the question regarding UNDP's direct execution of projects, the Assistant Administrator informed the Committee that UNDP was conscious of the fact that, to a large extent, it should only fill the gap in project implementation and stressed that the results achieved by UNDP were successful. He stated that the programme support costs for direct execution of projects by UNDP were currently estimated at between 2 and 3 per cent, but that he expected that those costs could increase to about 4 or 5 per cent in the following year.

452. In responding to comments made concerning regional meetings of Resident Representatives, the Assistant Administrator and Director of the Regional Bureau for Europe, Mediterranean and the Middle East gave the Committee a detailed exposé of the recent meeting held in Tangier and reiterated the Administrator's view of the importance and benefits derived from holding such meetings. The Deputy Administrator, in commenting on the question raised concerning the Regional Meeting in Africa, stated that a meeting was planned to be held at the end of 1974 and therefore no meeting was planned for 1975 as the guidelines called for such meetings to be held at about 18 month intervals.

453. In response to comments made in the Committee concerning the introduction of a biennial cycle for the UNDP budget, the Committee was informed by the representative of the Administrator that, in the light of experience already gained in providing forecasts of UNDP financial requirements as currently provided in the report on UNDP resources and programme costs (DP/56), UNDP could project with a responsible degree of accuracy the estimates that may be required over a two-year period. It was also indicated that the introduction of a biennial budget cycle could enhance and facilitate the work of the Committee by allowing it to devote more time at some sessions to other major policy issues. He added that the Fifth Committee of the General Assembly had requested the Secretary-General to consult with the heads of the specialized agencies to examine the auditing procedures which could apply to a biennial budget and had requested him to report to the General Assembly on the matter. UNDP would participate in these consultations on auditing procedures related to a biennial budget.

454. He also informed the Committee that a further report on the question of flexibility measures and other matters raised in connexion with the introduction of a biennial budget cycle would be provided to the Council at its nineteenth session.

455. He indicated that the Administrator was aware of the need to proceed cautiously before changing the structure and form of the UNDP's administrative budget presentation. He added that the Administrator would study very carefully the conclusions emerging from the CCAQ study on the cost measurement system and would propose only those changes that seemed warranted. He would of course consult with the Council on this matter.

456. Responding to questions raised concerning UNDP's information activities and co-operation with the United Nations Office of Public Information and the Centre for Economic and Social Information, the Director, Office of External Relations and Information, commented in some detail on the relationship of the UNDP Division of Information with OPI-CESI and the information services of the agencies in the United Nations system. He emphasized that co-operation with OPI and CESI in the economic and social field had improved during the past year and that integration of activities rather than co-ordination was being pursued.

457. In response to specific questions concerning the estimated costs of the Division of Information and the breakdown of such costs, the Director informed the Committee that the over-all cost of the Division included costs related to development support communications functions, which were estimated at about 10 per cent; costs related to internal information activities accounted for another 10 per cent while liaison functions with NGOs accounted for roughly 10 per cent as well. He also stated that estimates for public information services included costs related to the preparation and reproduction of the Administrator's annual report.

458. In conclusion, the Assistant Administrator stated that full account would be taken of the comments in the Committee and that the Administrator would continue his efforts to seek all avenues of economy in the administration of the 1975 budget.

Decision of the Governing Council

459. At its 439th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council, taking into account the comments and observations expressed in the Committee regarding the necessity to reduce administrative costs in various fields as well as the assurances given by the Administrator:

(a) Took note of document DP/61 and the report of the ACABQ (DP/62);

(b) Approved the estimates of 1975 requirements for administrative and programme support services of the UNDP in a total amount of \$52,554,800 (gross) offset by an estimated income of \$8,688,500 or a total amount of \$43,866,300 (net) as submitted in document DP/61 and comprising the following appropriation sections:

Section 1 - Salaries and wages	\$32,847,100
Section 2 - Common staff costs	\$11,832,600
Section 3 - Travel and transportation	\$ 1,511,100
Section 4 - Permanent equipment	\$ 610,900
Section 5 - Other general expenses	\$ 5,062,700
Section 6 - Special expenses	\$ 690,400

<u>Total Gross</u>	\$52,554,800
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Less:

Section 7 - Estimated income	\$ 8,688,500
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<u>Total Net</u>	<u>\$43,866,300</u>
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(c) Decided that the Administrator may transfer credits between sections only with the authorization of the Governing Council, such an authorization to be obtained, if necessary, by canvassing members through correspondence;

(d) In order to finance these requirements, authorized an allocation in the amount of \$43,866,300 (net) from the resources of UNDP; and

(e) With regard to the question of introducing a biennial cycle for the UNDP administrative and programme support services budget, took note of the Administrator's note DP/64 and the report of the ACABQ (DP/62) as well as the comments expressed thereon by the Committee and requested the Administrator to submit a further report on the subject to the nineteenth session of the Council.

CHAPTER XIV

DATE AND PROVISIONAL AGENDA OF THE NINETEENTH SESSION

460. At its 442nd meeting, the Governing Council decided to hold its nineteenth session at United Nations Headquarters from 15 to 31 January 1975. At the same meeting, it decided that its Budgetary and Finance Committee would convene on 13 January 1975 and that the Working Group on the Draft Statute for UNDP would resume its meetings on 13 January 1975.

461. At its 441st meeting, the Governing Council agreed on the following provisional agenda for the nineteenth session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Country and intercountry programming and projects: Consideration, in private meetings, and approval by the Council of individual country programmes and projects recommended by the Administrator
5. Project implementation
6. Report of the Administrator on the Standard Agreement with Governments
7. 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
8. United Nations Revolving Fund for Natural Resources Exploration
9. Technical co-operation among developing countries
10. Report by the Administrator on action taken in favour of colonial countries and peoples
11. Progress report on the drought-stricken area of Africa and adjacent areas
12. Draft statute for the Programme for consideration by the General Assembly
13. United Nations Fund for Population Activities
14. Action taken in 1974 by organs of the United Nations and related agencies
15. Programme resources and costs outlook for 1977-1981

16. Budgetary, financial and administrative matters:

- (a) Estimates of resources and Programme costs and related proposals by the Administrator
- (b) Custodianship of UNDP funds
- (c) Agency overhead costs
- (d) Feasibility of introducing a biennial cycle for the administrative and programme support services budget and brief general outline of budget estimates for the year 1976

17. Other matters

18. Date and provisional agenda for the twentieth session

19. Draft report of the Governing Council to the fifty-ninth session of the Economic and Social Council

462. It was agreed that item 7 would cover, inter alia, the involvement of women in development as an input of UNDP in the 1975 International Women's Conference to be held in Bogota, Colombia, and the commemoration of International Women's Year. That item should also include the preparatory work by UNDP for the Special Session of the General Assembly in 1975. It was also understood that the report to be submitted by the Administrator under item 16 (a) would include a report by the Administrator on net contributor status.

ANNEX I

REPRESENTATION AT THE EIGHTEENTH SESSION

Members of the Governing Council

Austria, Belgium, Brazil, Bulgaria, Canada, Central African Republic, Chad, Chile, Cuba, Denmark, Ecuador, Ethiopia, Finland, France, Germany (Federal Republic of), Ghana, Hungary, India, Iran, Iraq, Italy, Jamaica, Japan, Kuwait, Lesotho, Malaysia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Philippines, Poland, Somalia, Sudan, Sweden, Switzerland, Togo, Trinidad and Tobago, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Yugoslavia.

States represented by Observers

Argentina, Australia, Bangladesh, Burma, Czechoslovakia, Egypt, Germany (Democratic Republic of), Guatemala, Indonesia, Israel, Khmer Republic, Mexico, Mongolia, Oman, Portugal, Republic of Korea, Republic of Viet-Nam, Singapore, Sri Lanka, Thailand.

United Nations bodies

United Nations, United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Fund for Population Activities, United Nations Industrial Development Organization, United Nations Volunteers, World Food Programme, Economic Commission for Asia and the Far East.

Specialized Agencies

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

Other intergovernmental organizations

Asian Development Bank, Inter-American Development Bank, International Secretariat for Volunteer Service, Organization of American States.

ANNEX II

STATEMENTS AND ADDRESSES MADE AT THE OPENING MEETING OF THE EIGHTEENTH SESSION OF THE GOVERNING COUNCIL OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

Statement by Dr. Carlos P. Romulo,
Secretary of Foreign Affairs of the Philippines

This is an occasion that gives me genuine pleasure - to welcome you in the name of the Government and the people of the Philippines, and to invite you to share in the hospitality and good feelings that we reserve for special visitors such as you. For this occasion brings the United Nations and its agencies to where they properly belong: in the field, among the developing countries of the Third and Fourth Worlds, where such a great need exists for their ministrations.

The people of the Philippines consider it a great honour for Greater Manila to be chosen by the United Nations Development Programme's Governing Council as the site for the eighteenth session of the Council. For they know - as all of us know - that you have weighty matters to consider at this crucial stage of the world's history. We are very much concerned that the right decisions are made in this your meeting; we would be very happy for the entire world, if such decisions can be arrived at in your meeting in Manila.

Only a scant generation separates us from the end of this century; in 26 years we come face-to-face with the millenium. I understand that by the year 2000 A.D. mankind should have made a number of fundamental readjustments in their production, their consumption, and their style of living - with possible implications for their government, politics and social systems - in view of the threatened depletion of the world's physical resources. We must make those decisions today, while we still can. I am certain the Council will share this concern.

We are ready to do our share, I am certain - I speak for President Marcos and our people - whatever the developing countries are called upon to do, to contribute to the solution of these global problems, the Philippines stands ready to assume its part, its share of responsibility as well as benefits. We have always been willing to do our share - the relations between the UNDP and us have been one of unreserved partnership. President Marcos takes a personal interest in its work, and for this reason saw fit to raise our contribution almost two-fold in 1969 from \$286,000 to \$500,000.

We are ready to do our share because we are anxious that this great process that is taking place throughout the world - that of development - should succeed. For we realize that this is one process where the failure of some is the failure of all, and the success of some is the success of all - no one can do it alone any more.

In this your brief sojourn in our country, we would be very happy if you could take the time to see, with your own eyes, the course of the development that we are embarked upon in our country. We are launched upon a vigorous campaign of social and economic improvement which we believe will enable us to join the world-wide march toward universal goals of development, for which we will be proud to display whatever accomplishments we have made.

Go to your tasks then, with our prayers; the Philippines, the entire world, hang on your success.

MESSAGE FROM THE SECRETARY-GENERAL OF THE UNITED NATIONS

The eighteenth session of the United Nations Development Programme Governing Council is meeting at a critical moment. The problems which the Council confronts are formidable and difficult. Although we have a solid foundation of experience, we have to re-evaluate our priorities and objectives to meet new situations. Many of our assumptions and machinery have become inappropriate. This, therefore, is a time for major reassessments of our current activities and our future needs.

It is very appropriate at this time that the Council should be holding its first session in Asia, which contains more than half of the population of the world. The United Nations is very grateful to President Marcos and the Government of the Philippines for its invitation to the Council, and the fact that the Council will have the advantage of the wise and experienced guidance of Ambassador Narciso Reyes gives us all confidence that it will be a successful and constructive meeting.

The Council meets in the immediate aftermath of the Sixth Special Session of the General Assembly. This session, convened on the initiative of President Boumediene of Algeria, was a remarkable event in the history of the United Nations. The debates and decisions were not confined to raw materials and development but represented a major international endeavour to face the current realities of the world economic situation in a mood of shared concern and co-operation, and to devise more appropriate and - above all - more equitable solutions.

No reasonable person could have expected that the United Nations could create a new world economic order in three weeks, but the establishment of a Declaration of Fundamental Principles and a Programme of Action provided the international community with a new strategy and new goals. It is essential that we create the political will to convert that strategy and those goals into practical results.

In this process, the role of UNDP will be crucial. The contribution of UNDP to the development process has been outstanding, and any viable global strategy must make full use of the experience and expertise of UNDP. It is possible that we will have to create new mechanisms to meet the short-term and medium-term problems which developing countries - and particularly the most poor - confront. But our first priority must be to make full use of the proven machinery which has been developed in the United Nations system.

The events of the past year have emphasized the reality of the interdependence of nations. They have also demonstrated the unique capacity of the United Nations, now approaching universality of membership, to respond effectively to global problems. We now enter the realm of action. I have full confidence that the UNDP Governing Council will recognize the fundamental and vital importance to all mankind of a truly relevant, active, and effective United Nations, and its responsibility to ensure that we shall achieve the purpose of the Charter - "to employ international machinery for the promotion of the economic and social advancement of all peoples".

Statement by Rudolph A. Petersen,
Administrator of the United Nations Development Programme

I would personally like to express my deepest gratitude to President Marcos and this nation for inviting the Governing Council to hold its eighteenth session in Manila. We are meeting at a time when international economic relationships are undergoing great stress. And yet, at the same time, we see new and unparalleled opportunities for worldwide economic co-operation and progress. There are great tasks that lie ahead as nations strive:

- To secure greater food supplies;
- To cope with population growth;
- To negotiate more just terms of trade;
- To stabilize the world monetary system; and
- To check the wasteful proliferation of armaments.

As the world's largest source of multilateral technical co-operation, UNDP will have a signal responsibility in mobilizing skills, services, equipment and training opportunities in support of the goals of the international community. The debates and decisions of this Council will shape policies that affect the future of many millions of people.

Given this opportunity, I believe that it is most fortunate that we meet in this country - and at this time. I say this because I have been told about a concept that is central to the Filipino way of life. And this concept is summed up by the Filipino word, Bayanihan. As it was described to me, bayanihan means many things: that people need each other, that they help each other, that they share work, skills and goods for mutual benefit. Bayanihan, it seems, implies the absolute necessity and total willingness of people to co-operate. I hope that, one day, every one on this earth will share this apt and beautiful value.

In the meantime, I believe that this Filipino ideal will provide an inspiring and constructive context for the discussions that will take place here in Manila.

Address by H.E. Ferdinand E. Marcos, President of the
Republic of the Philippines

A bit of history is being made today. For the first time since it was established, the Governing Council of the United Nations Development Programme is meeting in Asia. Here it will encounter at first hand, on a scale greater than anywhere else, the problems of development which the UNDP, under its direction, is helping to solve. Because of its vast population, its pervasive poverty, its colonial past, the internal stresses in many of its countries, their unresolved conflicts, and the fact that the region is an arena of great power competition for ascendancy, influence and prestige, Asia continues to be a major testing ground for the United Nations capacity to achieve its principal objectives, from disarmament to development.

The timing of this eighteenth session of the UNDP Governing Council is also significant. It coincides with a world-wide economic crisis which was brought into sharp focus by the recent Special Session of the General Assembly on raw materials and development convened at the initiative of President Boumediene of Algeria in behalf of the non-aligned countries. In the new economic order envisaged by the Assembly, international co-operation for development, as exemplified by the UNDP, should have a larger role. This is generally accepted in principle, but will the necessary resources be available, and will the political will to commit them be forthcoming? The answer to these questions, on which the present session may shed some light, will indicate what future is in store for the UNDP.

It is a signal honor for the Philippines to have been selected as the site for this particular session of the UNDP Governing Council. It is important and timely, and it has a special relevance to the present orientation of our whole society to development. You are welcome as honored guests, and doubly welcome as harbingers of the peaceful revolution which is essential to the establishment of a new order in the world. You should feel at home in the Philippines. Our people have a cherished tradition of hospitality: hospitality to friends as well as strangers; to new ideas and innovative undertakings; to the creative encounter of different cultures and their harmonization.

Situated at the cross-roads between Asia and the Pacific, Philippine culture over the centuries has been enriched by the influence of the Arabic, Hindu and Chinese civilizations. Western culture made its impact first through Spain and later through the United States of America. During the long period of Western colonial rule, lasting for nearly 400 years, the Filipino people retained their identity and indomitably asserted their right to freedom. They gained the distinction in 1898 of being the first nation in Asia and Africa to wage a successful anti-colonial revolution and proclaim an independent republic.

Today the Philippines is engaged in building a New Society. Putting first things first, the Philippine Government has strengthened the framework of authority, order and integrity indispensable to accelerated development. Within this framework, essential structural changes, like agrarian reform, are being effected. Government at all levels is being modernized and imbued with a fresh dedication to public service. The willing participation of the people has been enlisted in a dynamic partnership which ensures for them a full share in the benefits as well as in the tasks of development.

The New Society conceives development as another name for nation building. Under this concept, self-help is more than a duty; it is a privilege to which every citizen is entitled: an opportunity for every Filipino to make his contribution to the continuing endeavor to enrich the life of the nation for present and future generations.

Under the New Society, the Filipino people are responding to the challenge of development at three levels. First of all, they are putting their own house in order, maximizing self-help, establishing a more equitable economic and social order, and utilizing the country's human and material resources in productive enterprises calculated to promote the well-being of all groups of the population.

Secondly, the Philippines is assiduously implementing the concept of regional co-operation among countries with common problems and mutual interests. Together with its partners in ASEAN - Indonesia, Malaysia, Singapore and Thailand - the Philippines is evolving modes of economic collaboration which are helping to create in Southeast Asia a climate of stability conducive to orderly development.

This work has been proceeding quietly, without fanfare. But considering that the ASEAN nations comprise a total population of more than 200 million people, it should perhaps be better known.

The Association of Southeast Asian Nations (ASEAN) was conceived seven years ago for the purpose of promoting regional co-operation for economic and social development. This year's ASEAN Ministerial Meeting, held in Jakarta last month, was a timely reminder that ASEAN has become an increasingly effective organization.

A framework of continuing, top-level consultations has been established. Technical working groups are busily at work on a wide range of common problems. A central secretariat is being organized and will soon be functioning.

In the field of development, the prospects for intercountry co-operation abound. A random list could include technical and scientific co-operation for increasing agricultural and fertilizer production, expanding the facilities for manpower training, improving area communications, taking joint steps to conserve marine resources and to protect and enhance the human environment. In the field of trade, joint studies could be made of the feasibility of viable commodity agreements, the beginning of a fair "division of labour" in industrialization, and, in due course, practical steps towards common marketing arrangements.

Regional co-operation along these lines would be consonant with UNDP intercountry programming and could qualify for UNDP technical and pre-investment assistance.

At the global level, the Philippines among other things has taken an active part in the formulation of the International Development Strategy for the Second Development Decade, in the restructuring of the UNDP, and in drawing up the Declaration of Principles for a New International Economic Order as well as the Programme of Action for its implementation.

Philippine participation in all these United Nations actions has been fortified by the awareness that we have not neglected our responsibilities at the national and regional levels.

But while it is desirable and salutary for developing countries to strive for maximum self-help and the greatest possible mutual help through regional or subregional co-operation, it should be clearly understood that the major responsibility for improving the world economic situation rests with the rich, economically developed countries.

In the joint undertaking to establish a new economic order based on equity and aimed at the well-being of all mankind, the unstinting co-operation of the affluent, economically developed countries is of decisive importance. Without it, the best efforts, sacrifices and achievements of the poor, developing countries at the national and regional levels could come to naught, frustrated by powerful economic forces over which they have no control.

The present predicament of many developing countries is a case in point. Due to the world-wide inflation, the energy crisis, the high prices of industrial goods, equipment and other essential imports, and the instability of the exchange rates of major international currencies, these countries are suffering serious economic difficulties. In the case of the Philippines, which is typical, the drain on painstakingly accumulated foreign exchange reserves is large enough to place our national development programmes in jeopardy. We have had to take extraordinary measures to overcome this severe impediment to the progress of our New Society.

Acutely aware of the plight of the developing countries, the recent Special Session of the General Assembly aimed at a complete restructuring of economic relationships between rich and poor nations. There was consensus that the poor nations deserve a new deal in such matters as higher prices for their primary exports, improved terms of trade and wider access to markets, safeguards against ruinous inflation, effective control over their own natural resources, more adequate technical and financial assistance for development, and a proper role in rationalizing the international monetary system which could so drastically affect their economic well-being.

The supreme challenge before the world community today is to translate these principles into reality as speedily as possible. During the Special Session of the General Assembly, the wide-ranging dialogue between the economically developed and the developing countries produced three hopeful aspects.

The first was the readiness of both sides to make fuller use of the United Nations and its family of agencies in restructuring the world economic order.

The second was the emergence on the part of some leading industrialized countries of a new political will to bridge the economic gap between them and the poor, developing countries.

The third was the commendable sense of responsibility shown by the oil-exporting countries in promptly taking practical steps to help the poor countries most seriously affected by the current economic crisis.

At the height of the crisis last April, the EC.AFE cited the commitment of His Imperial Majesty the Shah of Iran to provide an equivalent of not less than \$1 billion to international financial institutions, and his initiative for the establishment of a fund on soft terms to which major oil-exporting countries and industrialized countries would be invited to contribute for the purpose of assisting the developing countries to alleviate their immediate balance of payments difficulties and to implement their development projects and programmes.

Saudi Arabia last year extended development aid amounting to \$2 billion from its oil export earnings. It has been the principal participant in three different funds providing development financing and has given supplies of fertilizer to poor countries in urgent need of it. Saudi Arabia has also donated \$50 million to the World Food Programme which is co-ordinating assistance to the victims of the prolonged, devastating drought in the Sudano-Sahelian region of Africa.

Kuwait plans to increase the capital of its own Development Fund from \$600 million to over \$3 billion and also intends to extend economic assistance to other developing countries, including non-Arab countries. Iraq, for its part, is committed to contribute \$500 million, mostly in the form of grants and loans to developing countries. Venezuela is making generous contributions to development aid programmes mainly for the benefit of Latin American countries.

However, it would be unrealistic to underestimate the magnitude and complexity of the task of fashioning a more equitable economic order. Between the professed aim and its achievement lies a formidable tangle of powerful, conflicting national interests that cannot be resolved overnight. The Declaration of Principles and the Programme of Action adopted by the General Assembly constitute no more than the first steps in a lengthy and arduous process that will require sustained economic statesmanship of the highest order to complete.

The time to begin is now. I call upon the responsible leaders of the international community to give the implementation of the Declaration of Principles and the Programme of Action the highest priority.

Eight years ago, addressing a plenary session of the United Nations General Assembly, I asked the distinguished representatives present:

Do we really want a growing free world, secure in its peaceful pursuits, co-existing in harmony and moving confidently towards a better life for all? Do we truly want the kind of world blue-printed in the Charter, not as a distant dream but as an attainable objective within the framework of the United Nations?

Today, in the context of the present economic crisis, these questions are more pertinent than ever.

And so, in slow, painful steps marked by urgent crisis, as well as by outright violence, man is slowly but ineluctably moving towards a world governed by world law. World leaders presently pressed with the immediate and urgent problems of survival cannot, even in their distress, but look farther into the future and pray for the day when the United Nations is truly an organization with the authority and powers of governance with a force capable of enforcing its decisions and a law acceptable to all humanity.

As history itself points out, the cry for sanity in our globe will come from the small and defenseless nations but the dream can be brought about only by the decisions of the bigger powers. But even yet, we are beginning to see, brick by brick, the building of the world structure, and if all the ghastly sacrifices be the price for this dream, then it would have been worth it.

Global problems clearly requiring global solutions are impelling member countries of the United Nations towards the kind of international community envisaged in the United Nations Charter. The world-wide food shortage, the increasingly heavy pressure of the world's population on the earth's finite resources, rampant inflation which respects no borders, the threats to the human environment, the urgent need to liberate two-thirds of mankind from the bonds of remediable poverty, and the requirement for a new law of the sea confront the nations with challenges which cannot be met by national or regional action alone.

The disposition to yield to the dictates of narrow nationalism still remains strong. The new kind of vision manifested during the Assembly's Special Session on raw materials and development, the vision capable of perceiving effective co-operation in solving international problems, not as a relinquishment of national sovereignty but as a realization of the highest long-term national interests in an interdependent world, is just beginning to gain wide acceptance.

The most significant progress towards this goal has been made in the UNDP's domain, international co-operation for development. The annual Pledging Conferences of the UNDP, in which rich and poor countries participate, are themselves manifestations of constructive interdependence.

With increasing effectiveness, the UNDP has played a pivotal role as a catalyst of economic and social development by providing critically needed technical and pre-investment assistance. In the process, it has fostered an exemplary spirit of partnership among the participating nations. In the Philippines, for instance, some 100 advisers and consultants from 26 countries are at work, while 68 Filipino experts are serving in 41 developing countries.

The UNDP has been our largest multilateral source of pre-investment and technical assistance. In 1973, 27 per cent of total assistance received by the Philippines for on-going development projects came from the UNDP. On the other hand, all other members of the United Nations system were responsible for an aggregate contribution of 25 per cent. The United Nations family of organizations accounted for more than one-half of total foreign assistance that has either been disbursed or committed in the fields of pre-investment and technical co-operation in the Philippines as of last year.

In accordance with the principle of country programming, UNDP assistance to the Philippines has been geared to the Four-Year Development Plan of the New Society. It has been of inestimable value in expediting the implementation of important aspects of the Plan, and I take this opportunity to express publicly our sincere thanks to the UNDP Governing Council and the UNDP Administration.

Our appreciation of the UNDP's demonstrated usefulness is shared by other participants in its work. At last October's Pledging Conference, contributions to the UNDP increased by 18 per cent to \$363 million, thereby bringing within sight the goal of half a billion dollars in aid funds by 1976. But that was before the present economic crisis had made its full impact felt.

Today, the future of the UNDP, as indeed of the whole system of international co-operation for development, appears to hang in the balance. There is apprehension that contributions to the Programme might decline at the very moment when a substantial annual increase is needed to maintain the momentum of development in the recipient countries. It is rightly felt that merely maintaining the volume of aid at present levels would constitute a setback, since a higher commitment to the cause of development is an essential part of the desired new world economic order.

This is undoubtedly a time of profound anxiety for all countries caught in the grip of the current economic crisis. Legitimate concern with their own problems has inevitably given rise to some uncertainty about the UNDP's prospects. However, we believe that this is an interim phase which we hope will not be too prolonged.

One of the most heartening aspects of the Special Session of the General Assembly was the assurance, given by one major donor country after another, that they would make every effort not only to maintain but to increase substantially the level of their assistance to developing countries. These assurances, given in full awareness of the magnitude of the economic crisis, were an expression of faith in the cause of development. They were tokens of steadfast commitment to an enterprise that shows every mark of being part of the mainstream of history.

The main thrust of the debate during the special Assembly session on raw materials and development was towards ushering in a new era of mutually beneficial economic co-operation between all countries, rich and poor, industrialized and developing. Some delegates adopted a negative attitude, but as the debate unfolded this negative position appeared more and more marginal and irrelevant to the central concern of the developing countries.

That concern was not with the past but rather with the present and the future. Historical injustices were recalled, not to be exacerbated but to be redressed and transcended. The challenge presented to the rich, industrialized countries was not to irreconcilable conflict but to a massive joint commitment to fashion together a more rational and equitable relationship. The mainstream was in the direction of a better world for all nations, towards a new international order worthy of the entire human family, towards what may be described as a global New Society.

The UNDP is at the forefront of this mainstream. It is leading the way towards a more equitable and humane world. To the extent that development is indeed the new name for peace, the UNDP is making a vital contribution to international security at the same time that it is helping to improve the human condition in the developing regions of the world.

Distinguished Members of the UNDP Governing Council:

You have a heavy responsibility but a creative and exciting task. The Philippine Government and the Filipino people are in complete accord with your aims and are prepared to extend their full support to your endeavors. I wish you success in your deliberations.

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