

GOVERNING COUNCIL OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT ON THE TWENTY-FIFTH SESSION

(12 June – 3 July 1978)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1978

SUPPLEMENT No. 13



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NOTE

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

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CONTENTS

	<u>Page</u>
INTRODUCTION	1
<u>Chapter</u>	
I. ORGANIZATION OF THE SESSION	1
II. ANNUAL REPORT OF THE ADMINISTRATOR FOR 1977 AND CONSIDERATION OF THE JOINT INSPECTION UNIT STUDY "REPORT ON THE ROLE OF EXPERTS IN DEVELOPMENT CO-OPERATION"	5
III. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS	27
IV. INVESTMENT FOLLOW-UP.	44
V. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES	48
VI. ROLE AND ACTIVITIES OF UNDP	61
VII. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 32/197 ON THE RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM.	76
VIII. UNITED NATIONS SAHELIAN OFFICE AND DROUGHT-STRICKEN COUNTRIES IN AFRICA AND ADJACENT AREAS	83
IX. UNITED NATIONS VOLUNTEERS	87
X. UNITED NATIONS CAPITAL DEVELOPMENT FUND	91
XI. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION .	94
XII. UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES.	98 ✓
XIII. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS	101
A. Financial outlook for the second IPF cycle, 1977-1981, including the final expenditures for the first IPF cycle, 1972-1976	101
B. Cost sharing arrangements	111
C. Development of the financial and programme information network	114
D. Budget estimates for 1979	119
E. Feasibility of establishing a biennial budget	119
F. Further distinguishing between administrative and programme support costs	119

CONTENTS (continued)

<u>Chapter</u>	<u>Page</u>
G. Recruitment and use and prospects of reducing the costs of UNDP-financed experts	133
H. Custody of UNDP funds	134
I. Agency overheads; progress report of the Intergovernmental Working Group on overhead costs	136
J. Audit reports	137
K. UNDP financial regulations and rules	139
L. Sectoral support	141
M. Consultative Group on Food Production and Investment	144
N. Other matters	145
XIV. UNITED NATIONS FUND FOR POPULATION ACTIVITIES	154
XV. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES	164
XVI. INFORMATION ON THE REGULAR AND EXTRABUDGETARY PROGRAMMES OF TECHNICAL CO-OPERATION IN 1977 OF THE ORGANIZATIONS IN THE UNITED NATIONS SYSTEM	166
XVII. ACTION TAKEN IN 1977 BY ORGANS OF THE UNITED NATIONS AND RELATED AGENCIES	169
XVIII. OTHER MATTERS	170
XIX. DATE AND PROVISIONAL AGENDA OF THE TWENTY-SIXTH SESSION	173
XX. DECISIONS OF THE GOVERNING COUNCIL	174

Annexes

I. REPRESENTATION AT THE TWENTY-FIFTH SESSION	207
II. RECORD OF THE JANUARY 1978 MEETINGS OF THE GOVERNING COUNCIL .	208
III. INTERIM REPORT OF THE INTERGOVERNMENTAL WORKING GROUP ON SUPPORT COSTS	214

INTRODUCTION

1. The Governing Council of the United Nations Development Programme (UNDP) held its twenty-fifth session at the Palais des Nations, Geneva, from 12 June to 3 July 1978.
2. The Budgetary and Finance Committee of the Council held 21 meetings between 8 and 29 June 1978, also at the Palais des Nations, to consider administrative, budgetary and financial matters.
3. The Council Committee on Technical Co-operation among Developing Countries held five meetings at the Palais des Nations between 6 and 22 June 1978.
4. The Intergovernmental Working Group on Overhead Costs, under the Chairmanship of Mr. Sarfraz Khan Malik (Pakistan), with Mr. Peter Osvald (Sweden) as Rapporteur, held 10 meetings at the Palais des Nations between 5 and 20 June 1978 to examine comprehensively all aspects of the question of overheads. (The Working Group held its first session in New York on 16 and 17 January 1978.)
5. The Governing Council also held five meetings in New York from 18 to 20 January 1978 to consider and approve country and intercountry programmes and projects. A record of those meetings appears in an annex to the present report (annex II).

I. ORGANIZATION OF THE SESSION

Attendance

6. Members of the Governing Council represented at the session, States represented by observers, and organizations in the United Nations system and other intergovernmental bodies, as well as African liberation movements recognized by the Organization of African Unity represented at the session, are listed in annex I to the present report.

Election of Officers

7. In accordance with operative paragraph 5 of the decision taken at its twenty-fourth session (E/6013/Rev.1, 1/ para. 549), the Council suspended the application of rule 11 of its rules of procedure and, at the opening of its twenty-fifth session, elected by acclamation the following officers: Mr. Artémon Simbananiye (Burundi), President; Mr. Yasushi Akashi (Japan), First Vice-President; Mr. Hassan Ali Dabbagh (Kuwait), Second Vice-President; Mr. Ion Popescu (Romania), Third Vice-President; and Mrs. Ofelia Reyes Retana (Mexico), Rapporteur.

1/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A.

8. Mr. Akashi, First Vice-President, and Mr. Dabbagh, Second Vice-President, were designated Chairmen of the Budgetary and Finance Committee and the Committee on Technical Co-operation among Developing Countries respectively. Mr. Said Amirdivani (Iran) and Mr. Graham M. C. Mngomezulu (Swaziland) were elected Rapporteurs of these Committees respectively.

Agenda

9. At its 598th meeting, the Governing Council adopted the following agenda for its twenty-fifth session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda (DP/297, DP/298 and Corr.1, DP/299, DP/342)
4. Annual report of the Administrator for 1977 (DP/321 and Corr.1, DP/321/ANNEX I, DP/321/ANNEX II, DP/302, DP/315, DP/324)
5. Investment follow-up (DP/320)
6. Information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system (DP/337, DP/337/ANNEX)
7. Implementation of General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system (DP/338 and Corr.1)
8. Role and activities of UNDP (DP/319, DP/319/Add.1, DP/319/Add.1(ANNEX I), DP/319/Add.1(ANNEX II), DP/319/Add.1(ANNEX III), DP/319/Add.2, DP/319/Add.3)
9. United Nations Sahelian Office and drought-stricken countries in Africa and adjacent areas (DP/326 and Corr.1, DP/339, DP/L.323)
10. United Nations Volunteers (DP/330 and Corr.1)
11. United Nations Capital Development Fund (DP/305, DP/305/ANNEX I, DP/305/ANNEX II)
12. United Nations Revolving Fund for Natural Resources Exploration (DP/312, DP/313, DP/314 and Corr.1)
13. United Nations Special Fund for Land-locked Developing Countries (General Assembly resolution 32/113) (DP/328)
14. Technical co-operation among developing countries (DP/309(Vol.I-XIII); DP/317 and Corr.1 and Add.1)
15. Action taken in 1977 by organs of the United Nations and organizations in the United Nations system (DP/301 and Add.1)

16. Country and intercountry programming and projects (DP/322, DP/340, DP/348; DP/PROJECTS/INF.1; DP/PROJECTS/R.10 and Add.1; DP/GC/AFG/R.2 and Add.1; DP/GC/AFG/R.2/RECOMMENDATION; DP/GC/ALG/R.3 and Corr.1; DP/GC/ALG/R.3/RECOMMENDATION; DP/GC/BGD/R.2 and Corr.1; DP/GC/BGD/R.2/RECOMMENDATION; DP/GC/ELS/R.2; DP/GC/ELS/R.2/RECOMMENDATION; DP/GC/IRA/R.2; DP/GC/IRA/R.2/RECOMMENDATION and Corr.1; DP/GC/IRQ/R.2 and Corr.1; DP/GC/IRQ/R.2/RECOMMENDATION; DP/GC/MDV/R.2 and Corr.1; DP/GC/MDV/R.2/RECOMMENDATION; DP/GC/MEX/R.2; DP/GC/MEX/R.2/RECOMMENDATION; DP/GC/POR/R.1; DP/GC/POR/R.1/RECOMMENDATION; DP/GC/SYR/R.2 and Corr.1; DP/GC/SYR/R.2/RECOMMENDATION; DP/GC/THA/R.2; DP/GC/THA/R.2/RECOMMENDATION; DP/GC/YUG/R.2; DP/GC/YUG/R.2/RECOMMENDATION)
17. Budgetary, administrative and financial matters;
 - (a) Financial outlook for the second IPF cycle, 1977-1981, including the final expenditures for the first IPF cycle, 1972-1976 (DP/336)
 - (b) Cost sharing arrangements (DP/300)
 - (c) Development of the Financial and Programme Information Network (DP/329)
 - (d) Budget estimates for 1979 (DP/335 and Corr.1 and Add.1 and 2, DP/341)
 - (e) Report on the feasibility of establishing a biennial budget (DP/318)
 - (f) Report on the feasibility of further distinguishing between administrative and programme support costs in the budget documents (DP/316)
 - (g) Recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/334 and Add.1 and Add.1/Corr.1, and Add.2)
 - (h) Progress report on matters relating to custody of UNDP funds (DP/343)
 - (i) Agency overheads: progress report of the Intergovernmental Working Group (DP/346; DP/WGOC/L.1 and Corr.1; DP/WGOC/L.2 and Corr.1)
 - (j) Audit reports (DP/303)
 - (k) Financial regulations and rules (DP/325 and Add.1)
 - (l) Sectoral support (DP/323 and Corr.1 and 2)
 - (m) Report on Consultative Group on Food Production and Investment (DP/304)
 - (n) Other matters (DP/311, DP/327 and Corr.1, DP/345)

18. United Nations Fund for Population Activities:

- (a) Report by the Executive Director on 1977 activities and the future programme (DP/308 and Corr.1 and 2, DP/308(ANNEX) and Corr.1)
- (b) Evaluation of UNFPA activities (DP/331)
- (c) Support of intercountry activities (DP/332)
- (d) Projects and country agreements (DP/FPA/8 and Add.1 and Add.1/Corr.1 and Add.2-4 and Add.4/Corr.1 and Add.5-9 and Add.9/Corr.1)
- (e) Approval authority (DP/310 and Corr.1)
- (f) Budget estimates for the administrative and programme support services for 1979 (DP/333, DP/344)
- (g) Report on UNFPA field co-ordinators (DP/307)
- (h) Audit reports (DP/306 and Add.1)

19. United Nations technical co-operation activities (DP/RP/19)

20. Other matters (DP/347)

21. Date and provisional agenda for the twenty-sixth session of the Governing Council

22. Draft report of the Governing Council to the second regular session, 1978, of the Economic and Social Council (DP/L.327 and Add.1-17)

Summary records of meetings

10. The summary records of the meetings of the twenty-fifth session of the Governing Council were issued as documents DP/SR.598-625.

II. ANNUAL REPORT OF THE ADMINISTRATOR FOR 1977 AND CONSIDERATION
OF THE JOINT INSPECTION UNIT STUDY "REPORT ON THE ROLE OF
EXPERTS IN DEVELOPMENT CO-OPERATION"

11. For its consideration of item 4 of the agenda, the Council had before it the following documentation:

- (a) Annual report of the Administrator for 1977 (DP/321 and Corr.1)
- (b) Statistical annex (DP/321/ANNEX I)
- (c) Subcontracts awarded and major equipment ordered (DP/321/ANNEX II)
- (d) Annual report of the Administrator for 1977 on UNDP assistance to colonial countries and peoples (DP/315)
- (e) Report of the Joint Inspection Unit on some aspects of backstopping of technical co-operation activities in the United Nations system (JIU/REP/77/6) (DP/302)
- (f) Joint comments of the United Nations agencies and UNDP on the report of the Joint Inspection Unit on some aspects of backstopping of technical co-operation activities in the United Nations system (DP/324).

A. REPORT OF THE ADMINISTRATOR FOR 1977

12. In introducing item 4, the UNDP Administrator drew the Council's attention to two matters regarding the annual report for 1977. The first pertained to three broad constraints affecting development at the operational level, namely, imbalances in the existing global economic system working against the interests of developing countries; an imbalance in the share of official development resources going to technical co-operation; and the need to approach and balance the internal allocation of development resources on a country-by-country basis, instead of by adopting global strategies not universally applicable. Second, he observed that chapter III of the report for the first time called detailed attention to the work of UNDP's 108 field offices - the world's largest development network - and particularly the services they rendered outside the financial framework of UNDP-assisted programmes and projects. Their broad range of advisory, representational, administrative and collaborative work was, he said, increasingly important to general development efforts.

Summary of discussion

13. Many members commented on the quality and comprehensiveness of the Administrator's report for 1977, noting in particular the thorough account it provided of the Programme's wide-ranging activities during the year. The Programme was to be commended on the scope and vigour of its efforts, members said, which contrasted sharply with the perilous state of UNDP activities two or three years

earlier. The appointment of Mr. G. Arthur Brown as Deputy Administrator was another cause for encouragement. As one member put it, UNDP was the greatest single source of untied, politically neutral technical co-operation, allocating its assistance resources on the basis of the principle of universality and on the basis of the objective criteria of the IPF-system, and had at its disposal the largest network of development-oriented field offices in the world. This guaranteed UNDP an unlimited scope of activities. The scope of this activity, members agreed, had shown clear evidence of gathering strength in 1977, and it was widely noted that the Programme had most emphatically placed its earlier financial difficulties behind it. In the words of several members, if 1976 was a year of financial crisis, then 1977 was a year of recovery. This characterization of the Programme's revived health appeared to gain wide acceptance among other members.

14. Many members paid a tribute to the Administrator and his staff for their energetic efforts in this regard. There were clear signs that UNDP had taken the necessary initial steps to strengthen its management and administration of the Programme. The high quality of the documentation before the Council reflected this, as did the tour d'horizon of UNDP's capabilities as set forth in the Administrator's opening statement. Some members noted, however, that the documentation, while qualitative in substance, was excessive in length. Nor was it available in all languages in the required period of time. One member complained that the annual report was redundant and repetitive, and should be presented in a more summarized form. Another requested that future documentation be more pointed and problem-oriented, so that substantive issues of programme management could be stimulated. Specifically, this member stated, the next annual report should contain a thorough analysis of the problems involved in making UNDP co-operation more effective. Still another member urged more attention in future reports to an in-depth analysis of the Programme's management and control systems, about which, he said, there were still some doubts.

The global development context

15. On the whole, however, members praised the over-all documentation as excellent and expressed particular appreciation for the Administrator's foreword to the annual report, which set the over-all development context in which the Programme's technical co-operation efforts went forward. It provided an illuminating survey of the key problems facing developing countries in their efforts to advance economically and socially, and was a valuable contribution to a new development strategy for the 1980s.

16. Members representing developing countries, in particular, took note of the sustained record of progress recorded in per capita GNP terms by the development effort over the past two decades and of the advances scored in terms of such social indicators as life expectancy, infant mortality, primary school enrolment and adult literacy as well. That these achievements were sustained in the face of world-wide economic disruptions - inflation, a breakdown in the monetary system, recession among the industrialized market economies, and a virtual stagnation in official development assistance flows - was all the more remarkable, it was noted. Various members observed, however, that despite such progress the position of the poorest countries remained one of grave concern, with at least 400 million of the world's people suffering from malnutrition. Several members noted that under such circumstances it was incumbent upon industrialized countries to raise levels of official development assistance to the 0.7 per cent of GNP level agreed upon by

the Conference on International Economic Co-operation and by other international organizations. Others agreed with the Administrator that a better balance or "mix" was required in the development process generally.

17. In this connexion, many members addressed themselves to the three broad constraints hampering operational activities for development as set forth in the Administrator's foreword. A number of them stressed the urgency of establishing a new international economic order which would in particular improve trade opportunities and speed the flow of technology transfers to developing countries. Many expressed full support for the Administrator's view that the existing global economic framework worked against the interests of developing countries and hampered, for example, the results which could be achieved by export promotion or other trade projects undertaken by developing countries with the support of UNDP. Several noted the rising debt levels of these countries, their mounting balance-of-payments problems and the fact that their share in world trade generally declined from one third in 1950 to one fifth in 1970. Many agreed that a new international consensus on a restructured, development-oriented global economy was essential in order to co-operate for the progress of poorer nations. In that sense, members noted, the Administrator was right in stating that the development process had entered a new era in which capital flows and technical co-operation alike had assumed a secondary, supporting role to basic changes required in trade and monetary relations, the flow of private investments, the alleviation of debt burdens and payments imbalances and in the ability of developing countries to co-operate with each other. Several members criticized what they termed the major capitalist economies for stubbornly refusing to accommodate such required changes. Other members representing developed countries spoke of their determination to support such changes and one of those members referred to his Government's recent acceptance of the idea of direct subscriptions by Governments to a common fund for commodities, in line with the goals of the new international economic order.

18. Members offered a variety of comments on the need for a better balance between capital flow and technical co-operation. Various members from developing countries attested to the fact that the non-material requirements of development, i.e. skills, knowledge and organizational abilities, were indeed a neglected component of the development process, particularly in the light of their proven benefit when applied. This was said to be particularly true among the poorest developing countries. Others cautioned, however, that in the instance of their own particular needs, the main problem was not an insufficient supply of human skills and capabilities, but the capital required to put those capabilities to work. Virtually all members referring to this issue agreed, however, that in the long run it was human resources which were critical to the achievement of development goals. As several members stressed, the flow of the hardware of development was not by itself sufficient unless combined with increased technical co-operation to enhance absorptive capacity; that was why, one member said, his delegation was so adamant in its firm, long-lasting support for UNDP. On the other hand, another member stressed that the technical co-operation/capital flow relationship had to be seen in a wider perspective of total transfers of real resources, and that in the light of this perspective it was regrettable that some UNDP-supported projects failed to achieve appropriate follow-up investments or capital support. What was needed in these cases was an increase in capital flows linked to UNDP technical co-operation in an integrated manner.

19. On the third theme raised by the Administrator - that of properly balancing the need for economic growth against the need to obtain social justice for the

poorest sectors in the population - many members fully supported the idea that this was an area where global policy dictates were ill-advised and where the developing countries themselves, according to their own experience and priorities, could best attain the correct "mix".

20. The developing countries, one member stressed, were not always so ignorant of their wants as it was sometimes made to appear, nor did they lack the knowledge of how to correct those wants. Many such countries, said another, had developed well-knit administrative and consultative machinery of their own to oversee these responsibilities. In the final analysis, as one member put it, the realization of the economic and social well-being of individuals was the main task of technical co-operation in whatever area of applied effort, so that no conflict really existed between activities to promote economic growth and those to achieve social justice. In technical co-operation terms, these goals were one and the same, as developing country Governments recognized.

21. What UNDP must do in this respect, several members stressed, was to develop and refine, as part of its leadership role, techniques to maintain an ever-improving readiness to support developing countries in their quest for greater social justice. It must do that, one member said, because sustained economic growth was possible only if all strata of the population took part in the development process. In the words of another member, only by achieving the levels of nutrition, health and education which would permit the poorest to take part in nation building could a country realize its full economic potential.

22. A number of members, in this discussion of general constraints on development, also raised the issue of the arms race and of the rewards to development which might accrue if nations began seriously and systematically to disarm and to feed the resultant unloosed energies into development channels. Several members paid much attention to the coincidental occurrence, in this respect, of the special session of the General Assembly on disarmament in New York, and one member expressed his delegation's disappointment that the Administrator had not invoked the implications of this most serious constraint on development in his reports to the Council. An observer said it was fully justifiable that the developing countries demanded the channelling towards their development of the resources released through reduction of the military expenditures of the super-Powers, for they were only asking for the return of a part of the super-Powers' ill-gotten wealth. One of the super-Powers preached disarmament but was actually carrying on arms expansion on a massive scale. It had been talking for many years about aiding the developing countries with resources released by disarmament, but this had been mere lip service designed for demagogic effect. In response, a member stated that since the socialist countries had never exploited poor countries, they could not be held responsible for the present plight of the developing countries.

Statement by Mr. K. K. S. Dadzie, Director-General for Development
and International Economic Co-operation

23. In the course of the Council's general debate on item 4, the Director-General for Development and International Economic Co-operation, Mr. K. K. S. Dadzie, made an important policy statement outlining his own views on the role of UNDP and the strengthening of the United Nations development system in the light of General Assembly resolution 32/197 of 20 December 1977 on the restructuring of the economic and social sectors of the United Nations system. After paying a tribute

to the work of UNDP, its Administrator and its Governing Council, the Director-General outlined changing perceptions about the nature of the development process, noting in particular weaknesses in the International Development Strategy when faced with the changing realities of the world economic system. He traced the impact of those realities on multilateral technical co-operation from the adoption of the Governing Council Consensus in 1970 through the various General Assembly resolutions regarding the establishment of the new international economic order, as well as through Governing Council decisions on new dimensions, technical co-operation among developing countries and UNDP's role and activities, pointing out how each had underscored the strengthening of the concept of self-reliance among developing countries and the need to undertake a restructuring of United Nations operational activities for development to respond to this evolution in development needs.

24. It was thus no accident, he said, that the resolution on restructuring gave pride of place to the need to increase the flow of resources for development on a predictable, continuous and assured basis. In this sense, UNDP's resources, so subject to short-term uncertainties, might be expected to be drawn more into line with the longer-term demands faced by the Programme, and perhaps the time had come for the international community to develop a comprehensive system of international financial co-operation, including agreement on additional sources of funding, in order to underpin internationally agreed objectives for development. Such an agreement would not only assist the progress of developing countries but also increase demand in developed countries for their products and a more efficient utilization of their productive capacities.

25. The Director-General further observed that the resolution on restructuring confirmed the fundamental role of developing country Governments in setting national priorities for development activities and noted that this principle was already being reflected in UNDP approaches to the issue of government execution. The issue, he said, might call for careful examination of a restructuring of relationships between Governments, UNDP and the executing agencies - one giving more practical effect to the role of Governments, as desired, in project planning and execution. A related consideration involved the need and capacity of developing countries to absorb substantially more technical co-operation, and thus the advantage in undertaking an over-all assessment of technical co-operation requirements in that respect was evident.

26. The resolution on restructuring also directed that operational activities for development fully reflect the over-all strategies, policies and priorities of the General Assembly and of the Economic and Social Council, especially with respect to the establishment of a new international economic order. In that sense, the resolution evoked the problem of reconciling the sovereign right of Governments to determine the purposes of UNDP co-operation, with the responsibility of UNDP to advise, on the basis of intergovernmental guidelines, on ways and means. UNDP had suggested varied approaches to this problem, involving added substantive support in the transfer of accumulated knowledge and experience in the priority areas and the intensification of activities aimed at supporting developing countries, as desired, in their negotiations with developed countries on priority issues. Such approaches were to be commended, and ways might be found to extend them through, for example, a study of a unified approach to technical co-operation similar to the one undertaken for development analysis and planning at the behest of the General Assembly.

27. Finally, the resolution sought to achieve maximum utilization of the resources available for development through greater efficiency in its administration and a reduction in administrative costs. The Governing Council and UNDP alike were taking active steps in this connexion, and the issue was also linked with the co-ordinating role of UNDP at the country, regional and headquarters levels. But one key issue for Governments to resolve involved integration measures with respect to existing United Nations funds financed by extrabudgetary resources. Such measures might, as the General Assembly suggested, stimulate substantially higher levels of over-all voluntary contributions.

Resources for technical co-operation

28. In the further course of the general discussion, many members commented on the greatly improved financial situation of the Programme and commended the Administrator for his worthy efforts in that respect. As the central funding body for the United Nations development system, UNDP required above all a stable and dependable resource base which would guarantee to developing countries the full delivery of their indicative planning figures (IPFs) over a given cycle. While the Programme had clearly overcome its liquidity problems of a few years earlier, its resource outlook nonetheless remained precarious, as a number of members pointed out. During the first two years of the current cycle, voluntary contributions by Governments averaged only about 11 per cent, instead of the 14 per cent on which calculations of IPFs were based. This meant that, unless an extraordinary effort were made by Governments to exceed the 14 per cent target in the remaining years of the cycle, UNDP would not be able to deliver the full IPFs to which it was committed. The effect would again be to shake the confidence of development planners in the system. Indeed, as several members observed, UNDP's position within that system was already the subject of a disturbing trend which had seen UNDP's share of total technical co-operation provided through the United Nations fall to less than 50 per cent of the total. If the active campaigning of agencies for such contributions continued, one member said, UNDP's share might diminish even further.

29. A number of members expressed the intention of their Governments to fulfil the 14 per cent target annually in their own contributions, and several pointed out that in that respect some developing countries had achieved a better record than some of the industrialized ones. One member complained that there were still some developed countries which received more from the Programme by way of payments for experts, equipment, fellowships and subcontracts than they contributed. Another member announced that as a token of his Government's confidence in UNDP, it was pledging an additional sum of 3 million Swiss francs over and above its regular contribution, to be used by the Special Measures Fund for Least Developed Countries. Other members exhorted the Administrator to redouble his already considerable efforts to assure an adequate level of Programme resources.

30. Various members were none the less moved to express their concern over the fragility and uncertainty of the annual voluntary pledging process, particularly for a Programme which planned its expenditures over five-year periods. A number commented on the issues of multi-year pledging and the achievement of a more equitable sharing of responsibility for the Programme's finances among major donors (see paras. 283-290 below), as a means for achieving a more solid resource base. One member pointed out that his Government was not in a position to enter into multi-year pledging and that a change in the annual voluntary pledging process

could influence the efforts to reach the 14 per cent target. Some members commended the use of such devices as cost sharing and third party financing as ways of stretching the Programme's impact, but others cautioned that such devices threatened to undermine the multilateral nature of the Programme and its IPF system for the equitable allocation of funds (see paras. 482-494 below). Several members indicated that so long as the Programme continued to experience shortfalls in its field expenditures, Governments would lack the necessary incentive to increase their contributions by the targeted amount, an attitude strongly deplored by another member as evidence of a lack of political will to help the poor. Along similar lines, various members urged the Administrator to continue his efforts to make full use of non-convertible currency contributions to the Programme, and several praised the positive results he had recently achieved in this respect. It was a promising beginning, though much more needed to be done to utilize fully such currency holdings, which totalled some \$44.4 million at the end of 1977. One member recalled past discussions by the Council designed to facilitate payment of a portion of experts' salaries in their national currencies as a means of reducing non-convertible currency accumulations. At its twenty-third and twenty-fourth sessions, the Council had called upon executing agencies to facilitate such payments. Yet it was the experience of experts from the member's country that even when they requested in writing a portion of their salaries in their national currency, they were advised that the agency preferred to pay in convertible funds. This raised the question of whether the agencies had been fully advised on the decisions of the Council in that regard, if not the necessity to do so. This member also questioned whether voluntary contributions for programme costs were being utilized to the fullest extent. She had the impression they were adding to the accumulation of non-utilized funds in her own country.

Field delivery in 1977

31. A number of members expressed concern over the continuing decline in Programme field delivery in 1977, although several noted that the substantial increase in project approvals and the upward trend in expenditures through the year were encouraging signs. None the less, as some members pointed out, for the year as a whole project expenditure was some 30 per cent below the level which had been endorsed by the Council last June 1977; in real terms, after accounting for inflation, it was below the level attained in the first year of the first cycle. Although some members agreed with what the Administrator had done to assure a steady rise in expenditures while maintaining strict control over project quality, others asked for further explanation of what was being done. It was recognized that long lead times were required to regain momentum, but several representatives indicated that the Programme may have reacted too sharply in the cut-backs initiated in 1975. The lesson, one member said, was that short-term corrective measures must be developed which would not again break the Programme's long-term advance in the future. In this respect, several members urged the Administrator to proceed with flexibility and caution in building the base of project approvals and expenditures too rapidly, lest the unfortunate experience of the first programming cycle repeat itself in the second.

32. Other members expressed continued uncasiness over the system of programme management and financial control, despite the various steps being taken to tighten these aspects of administration. One member said that measures taken in 1977 to allocate funds as soon as projects were approved - and before commitments had to be honoured - were not the most efficient methods of management. Other members

indicated that much progress had been made in terms of the Integrated Systems Improvement Project (ISIP) and registered their hope that the financial and programme data systems derived from this project would do much to enhance efficiency. One member questioned, however, whether the same study might not be accomplished by existing machinery at less cost (see paras. 495-525 below).

33. One member stressed that the Programme's continuing steps toward further decentralization must result not in less management, but in more management and control over decision making in order to guarantee over-all accountability. The time had also come for a more integrated planning procedure to be instituted, reinforcing the Programme's management-by-objective techniques with management-by-exception techniques, as well. Along similar lines, a critical review of UNDP's headquarters structure was also in order, that member said. While pleased with the many measures taken by UNDP's management thus far, it was important that during the current period of consolidation, the Programme's management capabilities be further solidified as well.

34. Various members expressed concern, in this respect, with the continuing rise in UNDP's administrative and programme support costs, despite the decline in delivery. It was a problem to which the Council had addressed itself on numerous occasions, and some frustration was felt that the cost of UNDP support continued to be very high. Those costs, as one member said, came to more than \$100 million in 1977, if agency overheads were also included. Other members noted with satisfaction, however, that UNDP administrative and support costs had been held to an increase of only 4 per cent in 1977, considerably below the rate of inflation. The number of staff had also been reduced, although one member cautioned that it was important to maintain an adequate operational structure for the projected increase in Programme activity which lay ahead. Members cited various studies and working groups in progress - such as the Joint Inspection Unit's report on expert costs (see paras. 68-95 below) and the Working Group on Overhead Costs - and expressed the hope that more efficient management would result from each.

35. Another item of perennial concern to the Council in connexion with the Programme's delivery concerned the national sources from which the components of delivery - experts, equipment, fellowships and contracts - were drawn. Several members noted with satisfaction that the share of subcontracts, in particular, awarded to developing countries in 1977 had more than doubled from the previous year. Other members said, however, that the Programme still had some distance to travel in terms of assuring a steadily increasing share of component inputs to sources in developing countries. Members noted that the bulk of the components continued to be drawn from three to five of the major industrialized States. One delegation pointed out, however, that international competitive bidding was the best way to ensure that developing countries got the best suitable goods and services at the lowest possible cost. Some urged in particular that the Administration look toward socialist countries as suppliers, since their share of inputs was marginal. They stated that UNDP would be a more efficient and viable organization only if it drew experience and knowledge from all sources including countries with different economic and social systems. Others noted that their voluntary contributions far outweighed their participation in terms of project supplies.

The field office network

36. Many members addressed themselves to the work of the UNDP network of 108 field offices, which was for the first time treated in depth in the annual report. Two members said their delegations would appreciate a continuation of such treatment in future annual reports. Others echoed the Administrator's description of the network as UNDP's greatest asset, and agreed that a close examination of the many services provided by field offices was particularly appropriate at a time when the economic and social machinery of the United Nations was undergoing restructuring. In the years since the Consensus of 1970, members agreed, activities at the field level had expanded greatly, with resident representatives and their staffs increasingly responding at the request of Governments to greater co-ordinating roles and more advice on development planning, backstopping and follow up. Resident representatives were increasingly winning the confidence of the countries they served through the many roles they played on behalf of the United Nations system and development generally. They had become important components of the over-all development effort, in recognition of which one member pledged his Government's increased co-operation in its bilateral assistance at the field level. One member called upon the Council to strengthen further the role of resident representatives by making them focal points in developing countries for all development co-operation agencies, by involving them in all stages of project formulation and implementation and by instructing their representatives to other United Nations agencies to favour the concept of UNDP-supported co-ordination at the country level.

37. Various members cautioned, however, that resident representatives must not step outside their legitimate roles by performing excessive services on behalf of bilateral co-operation agencies, which latter should bear the field costs of such services themselves. Others warned that heavy co-ordinating responsibilities could lead to bureaucratization, and still others urged that the ceremonial and representational functions of resident representatives not get out of hand. One member suggested that another review by the Joint Inspection Unit could provide the Council with an independent evaluation of the improvements taking place at the field level. Another, citing the work of field offices in overseeing funds-in-trust programmes of other United Nations agencies, wondered to what extent UNDP's \$90-odd million shortfall in delivery in 1977 might be attributable to that factor. One agency, he noted, blatantly gave higher priority to such funds-in-trust expenditures which competed at the field level for scarce manpower and budgetary resources. Other members expressed concern that, in one case at least, up to 80 per cent of a field office's workload was devoted to servicing non-UNDP financed activities. On the whole, however, members praised the UNDP network as the largest of its kind in the world and urged further support by Governments and agencies in expanding their services and capabilities.

38. In their discussion of field office problems and performance, various members also commented on the role of UNDP's Division for Global and Interregional Projects, which had been described in the annual report as a "field office to the developing world as a whole". A number of members, in their remarks, stressed the need for stronger regional, interregional and global programming, and several welcomed the efforts being undertaken by the Division to multiply the impact of UNDP-supported research and training efforts of value to all developing countries. As one member stressed, such efforts could be carried out at relatively lower administrative cost levels, and they helped stimulate technical co-operation among the developing countries themselves. An additional important contribution of such work, another

member noted, was in introducing achievements of the scientific-technical revolution to developing countries. Such work could be expected to increase, in which case the Council's 18 per cent limit on IPF funds available for intercountry programming would have to be extended.

39. In this connexion, several members noted that the next session of the Governing Council would deal with the mid-term review of expenditures and resources for the second programming cycle. Various members voiced their support for a substantial increase in the proportion of Programme resources devoted to the LDCs. Some members, however, asserted that the principle of universality was a cornerstone of the UNDP system which had to be respected and that every effort should be made to assure a continuation of that principle, which guaranteed the participation of the widest range of developing countries.

New dimensions in technical co-operation

40. A number of members stressed the long-term importance on the Programme's work of the Governing Council's decision on new dimensions, which had been intended to give greater flexibility to project formulation and implementation, to give recipient Governments themselves a leading role in that process, to give the Programme an output rather than input orientation and to further the concept of self-reliance among Programme participants generally. As one member put it, developing countries were increasingly relying on their own national capabilities in the execution of their development efforts, using fewer long-term foreign experts and more short-term, highly specialized consultants, using more local equipment and subcontractors, and exchanging more experience with other developing countries.

41. Various members also stressed, in this connexion, the modality of government execution of projects. Although UNDP's experience in this modality had been relatively brief, the Programme was to be encouraged to increase its efforts in this regard. As one member said, many serious implementation problems arose from a failure to recognize the decisive importance of Governments' assuming project management responsibilities. It was that member's view that so-called government execution would enhance the tripartite relationship among Governments, UNDP and the executing agencies, with the role of the latter two automatically falling into place as adviser to and supporter of the essential quest for self-reliance. One member complained, however, that, although UNDP's experience with government execution was only just accumulating, the Governing Council had already been presented with a new proposal which would alter the rules of the game and establish the concept of government management (see paras. 83-93 below). The Programme needed time to consolidate its experience in that modality of implementation, the member said. Several members, on the other hand, stressed the importance of the report of the Joint Inspection Unit, and expressed their support for the concept of government management.

42. A number of members noted in this connexion that the time had come to provide Governments, or developing country institutions undertaking direct execution, with additional compensation to cover the foreign exchange costs incurred by them. One member said that the process of government execution now pointed to the need for a thorough management audit which would include financial and operational audits of such project execution arrangements.

43. Many members touched on another aspect of new dimensions in commending the work of the Programme with respect to technical co-operation among developing countries (see paras. 188-250 below), particularly with regard to the United Nations Conference on TCDC to be held in Buenos Aires later in the year. Various members expressed the hope that the Conference would adopt a concrete, practical and well-defined plan of action which would aid the developing countries in their quest for collective self-reliance. Some members observed that while UNDP had collected useful information on the capabilities of developing countries in the area of technical co-operation, not enough had yet been done to make full use of it. It was hoped that the TCDC Conference would provide practical guidelines for the systematized implementation of such capabilities. Along similar lines, one member suggested that the modality of government execution could be employed to promote TCDC through the training of personnel from neighbouring countries, where experience in government execution of projects was lacking. Another member stressed the active involvement of UNDP field offices and of different government departments in the promotion of TCDC. Still another member called the attention of the Council to what he called the original concept of TCDC, namely, the more active use of developing country equipment, services and know-how, and took the occasion to warn against attempts to take TCDC out of the institutional framework of UNDP. Several members agreed that UNDP had an important role to play in the further development of TCDC, particularly before developing countries had fully developed their own capabilities for carrying out such co-operation. In that respect, one member said, UNDP should stress the build-up of consulting and training institutions in developing countries, which would meet the requirements of more than one developing country. Several members mentioned that an indispensable prerequisite of technical co-operation among developing countries was the implementation, by Governments which had chosen the road of independent development, of deep progressive socio-economic transformations directed at strengthening national sovereignty; upgrading of the State sector in industry, finance and trade; the elimination of feudal land-ownership; and the establishment of full control over their natural resources.

Special funds and activities

44. During the discussion of item 4, a number of members touched briefly on various special funds or activities in which the Programme had an interest. Several members, for example, stressed the importance of the forthcoming International Year of the Child and urged UNDP to collaborate fully with UNICEF, the lead agency in that regard. UNDP had a special responsibility, in their view, to help see to it that the children of today, through good health, nutrition and education, built a better tomorrow. Other members expressed agreement with the Administrator on the need for an expanded role for the United Nations Volunteers, the exceptional potential of which had not yet been fully realized. They expressed their appreciation of the fact that the number of volunteers was scheduled to reach 500 by the end of 1979 (see paras. 368-388 below).

45. Other members expressed special interest in and support for the United Nations Capital Development Fund and its grass roots, poverty-oriented approach to small-scale capital assistance among the LDCs (see paras. 389-399 below). Several members commented on the good work being done by the United Nations Sahelian Office in the rehabilitation of the drought-afflicted areas of West Africa, and some members expressed their agreement with a proposal by the United Nations Environment Programme that the work of the Sahelian Office be expanded to assist in the implementation of the General Assembly's Plan of Action to Combat Desertification

among the 16 States in the area (see paras. 351-367 below). With respect to the new United Nations Special Fund for Land-Locked Developing Countries, one member urged that its work be expanded to include the so-called geographically disadvantaged developing countries, as well (see paras. 418-431 below). Members variously noted the importance of the integration of all such special funds and activities into a coherent strategy for development overseen by UNDP.

Organizational and staffing matters

46. Several members welcomed the establishment of the new Regional Bureau for Arab States and a unit for Europe within UNDP, which would contribute to more effective activities, particularly of a regional nature, in both areas. Various members expressed their appreciation to the competent officers in charge of those units and pledged co-operation with their efforts.

47. Members also took note of the fact that UNDP had begun limited recruitment of new Professional officers in 1977, with the emphasis on candidates of highest quality, on those from developing countries and on women. Several praised the Administrator's efforts to bring more women into the organization, particularly, noting that the number of women in the Professional category had increased from 13 to 18 per cent of the total in 1978, and that 47 per cent of the Professional staff recruited in 1977 were women. This was a step forward in the direction of greater participation by women in development. Several members urged even greater progress in that respect. One member stressed that the Programme was not yet giving sufficient attention to capable young people from developing countries in its hiring practices and noted with regret the disproportionately large number of Professional staff from developed countries in UNDP's ranks. A number of members underlined that UNDP made extremely insufficient use of the resources of the socialist countries in recruiting high-calibre specialists.

Assistance to the Palestinian people

48. During the further course of discussions on item 4, a representative of the Palestinian Liberation Organization (PLO) addressed the Council as an observer. He noted the interest of UNDP in improving the conditions of colonized people and praised its work in this regard. He cited the needs of the Palestinian people, which had been stressed by various United Nations bodies. Many measures of assistance had been undertaken, he said, but to date UNDP had shown no specific interest. He asked the Council for help in this respect, citing resolutions of the Economic and Social Council which called upon UNDP and other United Nations bodies to consult and co-operate with the PLO in its representation of the Palestinian people.

49. Various members spoke in support of that statement. Two members stated that the Palestinians figured prominently among the peoples of the world who suffered colonialism, discrimination and deprivation of basic human rights. The world community had a responsibility toward such people, as expressed in many resolutions of the General Assembly. As the central agency for technical co-operation in the United Nations system, UNDP should shoulder its share of the responsibility. In addition, the PLO was recognized by many regional organizations and many Governments and enjoyed observer status in the United Nations and its specialized agencies. Those members referred to Economic and Social Council resolution 2026 (LXI), for example, in which the Council had invited "the United Nations Development Programme,

the specialized agencies and other organizations within the United Nations system to intensify, as a matter of urgency and in co-ordination with the Economic Commission for Western Asia, their efforts in identifying the social and economic needs of the Palestinian people". In that connexion, many specialized agencies were already providing assistance through the PLO. The United Nations Industrial Development Board had recently authorized a comprehensive programme of technical co-operation in the field of industrial development for the Palestinian people. The rights of those people to receive economic, technical and social co-operation must be safeguarded, those members stressed, and they urged the Administrator and the Council to take the necessary steps and report on the action taken to the Council at its twenty-sixth session. One member, referring to Economic and Social Council resolution 2100 (LXIII) as well as the similar resolution adopted by the United Nations Industrial Development Board on assistance to the Palestinian people (see chap. XVII), drew the attention of the Council to the fact that his Government had voted against those resolutions not because assistance to the Palestinians was opposed, but because of the role the resolution envisaged for the PLO and their characterization of the PLO as representative of the Palestinian people. He reiterated his Government's opposition to the PLO being granted special status as the intermediary for United Nations assistance to the Palestinian people, considering that all such assistance should be channelled through the United Nations Relief and Works Agency (UNRWA).

50. Exercising his right of reply, one observer said he would avoid acrimonious political debate on this issue. He wished only to remind the Council of the true nature of the PLO and of their objectives as stated in their Covenant. They were flagrantly in violation of the United Nations Charter and designed to find ways and means for liquidating the State of Israel. The PLO, he continued, was a negative movement of destruction, not liberation. His Government therefore objected in the strongest possible terms to any assistance to that organization, which would run counter to the cause of peace in the area. On a point of order, one member stated that the status of the PLO was not under consideration by this Council.

Response by the Administrator

51. In his response the Administrator first thanked the many delegations which had expressed their support for the Programme, and particularly those from developing countries which had testified to the Programme's effective work. One member in particular, he said, had captured the spirit of the meeting by saying that "confidence in UNDP has been restored". Another member had pledged additional contributions to the Special Measures Fund for Least Developed Countries as proof of that confidence.

52. The problem, he went on, was to build on that confidence and to assure strong and effective financial support for the Programme and its efficient management in the years ahead. As to the latter, he was aware of the concern over shortfalls in delivery and could agree that the Programme may have reacted too sharply to its crisis in 1975, although the situation was then critical. The point was that the Programme was struggling to build a steadily ascending curve of recovery, emphasizing a sound base and quality control. It was carefully monitoring its advancing line of approvals and expenditures to avoid excesses. None the less, he said, there were built-in constraints. Though UNDP programmed over periods of five years, its finances were received voluntarily year by year. Nor had members

reached a consensus on either multi-year financing or the more equitable sharing of responsibility for this financing. The Programme might perforce have to proceed with caution in the face of such constraints. There were conflicting views on documentation and on the organization of the Council's work. He would offer suggestions in the latter regard at the next session.

53. He was pleased by the support expressed for the work of the field office network, although he recognized the need to guard against bureaucratization in the name of co-ordination and the possibility that the cost of extra-Programme services might get out of hand. Under the resolution on restructuring, he said, the "single official" envisaged at the country level would be solely concerned with operational activities for development and hence more cost-effective.

54. After noting the rewards to development which could stem from effective disarmament, the Administrator pledged to support diligently the International Year of the Child, and again thanked those members who had found food for thought in his foreword to the annual report. He was gratified that the Director-General for Development and International Economic Co-operation had in his own exceptional statement spoken of the need to rectify imbalances in official development assistance flows. He assured members that with its more substantive, co-ordinative role UNDP could maximize its anti-poverty efforts, so as to have greatest impact on the poor.

55. With respect to the issue of assistance to the Palestinian people, the Administrator informed the Council that since November 1976 UNDP had been in touch with the Chairman of the Palestinian National Fund (PNF) regarding two project ideas, one of which was being implemented by UNESCO. UNDP had also begun a dialogue with the PNF on the procedure for implementing Economic and Social Council resolutions 2026 (LXI) and 2100 (LXIII). The Programme had consulted with the Executive Secretary of ECWA and with the PLO representative to ECWA on new approaches to identifying the social and economic needs of the Palestinian people. On 3 May 1978, the Director of the Regional Bureau for Arab States wrote to the PLO representative to ECWA, explaining the position of UNDP regarding the implementation of the two resolutions, and indicating that UNDP would contact the PLO's representative in New York on the matter. UNDP intended to continue these efforts within the mandate available to it.

B. CO-OPERATION WITH NATIONAL LIBERATION MOVEMENTS

56. In introducing this subject, the Assistant Administrator and Director of the Regional Bureau for Africa noted that there were three countries in Africa for which UNDP co-operation with national liberation movements applied under the United Nations Declaration on the subject. These were Namibia, Zimbabwe and South Africa, and the liberation movements involved were the South West Africa People's Organization (SWAPO) for Namibia, the Patriotic Front for Zimbabwe, and the African National Congress (ANC) and the Pan-African Congress of Azania (PAC) for South Africa.

57. Concerning Zimbabwe, the Assistant Administrator said a prime concern was to ensure that by the time of independence UNDP assistance would be relevant to the basic problems there. In pursuance of that goal, the two co-leaders of the Patriotic Front had recently agreed to a UNDP-proposed project designed to provide a comprehensive survey of the Zimbabwe economy in order to prepare the ground for

transition from a colonial pattern of development. A project document was being finalized by UNCTAD, the executing agency, and would be sent to the Patriotic Front and the Organization for African Unity (OAU) for endorsement. It was expected that the survey would be ready by November 1978.

58. With respect to Namibia, the Assistant Administrator reported that in May he had attended an interagency workshop in Lusaka to consider projects which could be immediately implemented under the Nationhood Programme for Namibia approved by the General Assembly. A total programme of \$38.1 million was discussed, and the question arose as to which projects UNDP could support and with what resources. The Namibia IPF totalled \$4,750,000, and of that amount \$800,000 a year was being spent on the Institute for Namibia through 1981. This left only \$1 million available through the first cycle for projects in support of the Nationhood Programme, and might explain why the General Assembly in resolution 32/9, requested that the Namibia IPF be increased.

59. On the wider issue of assistance to national liberation movements, the Assistant Administrator noted that projects thus far approved at a total cost of \$14.4 million were absorbing more than the \$10 million available under the combined IPF for these movements and the relevant Trust Fund. It was important that additional resources be made available in this respect, for the financial situation of the assistance effort had become alarming and an appropriate decision by the Governing Council was urgent.

60. The Assistant Administrator then reported on UNDP activities supporting the International Year against Apartheid, which began on 21 March 1970. UNDP had participated in the World Conference on that issue in Lagos in August 1977. It would give further support through the large number of projects already approved.

Summary of discussion

61. In the discussion which followed, many members expressed the unqualified support of their delegations for UNDP's assistance efforts on behalf of national liberation movements and the colonial countries and peoples they represented, and commended the efforts which were going forward. One member emphasized that the initiative for co-operation must lie with the national liberation movements, and that the country programming principles should be applied to the maximum extent possible. He further called attention to the need for increased co-ordination between different sources of assistance to those movements. While welcoming UNDP's close co-operation with the movements in question and praising the results achieved, some members, however, cautioned against a policy of over-commitment, and several suggested that any additional funds required for projects at this time be drawn from UNDP's regular resources. One member stressed that, while it was important to assist the national liberation movements, such newly independent countries as Angola and Mozambique also deserved special attention from the Programme. Several members noted the importance of co-operating closely with OAU in this respect. One member reiterated her reservations about the assistance granted by UNDP to the liberation movements. Another member emphasized that in the opinion of his delegation UNDP support to national liberation movements should, as his delegation had been assured, continue to be directed towards meeting the humanitarian needs of the peoples concerned, and that any future commitments to non-IPF activities should be limited to specific levels of funds authorized in advance by the Council.

62. During the course of the discussion, representatives of both OAU and SWAPO addressed the Council. The OAU representative stressed the extent to which UNDP was now effectively rendering assistance to national liberation movements and appealed for a continuation and expansion of existing projects. Citing increased oppression by South Africa, he said that liberation movements were further burdened by the resulting displacement of many women, children and old people. UNDP-supported projects were helping and giving hope to these suffering multitudes.

63. The representative of SWAPO described in vivid terms an attack on a SWAPO camp in Angola by South Africans, during which 864 men, women and children had been killed. This was the reality facing Namibia and SWAPO, he said. Its facilities had been reduced to ashes during the attack and would have to be rebuilt. He expressed sincere gratitude for UNDP assistance, particularly in the areas of health and agriculture, where steady progress was being made. With respect to the Nationhood Programme Workshop held in May, he said that three categories of projects had been recommended. The first was pre-independence; the second was for projects for the transition period; and the third included projects for post-independence. Some 77 pre-independence projects valued at \$20 million had been recommended, he said.

C. BACKSTOPPING TECHNICAL ACTIVITIES

64. In his introductory remarks on item 4, the Administrator had noted that in some ways the JIU study on technical backstopping had been overtaken by events with respect to the General Assembly resolution on restructuring and the JIU's study on the role of experts. None the less, the conclusions and recommendations of the study were well taken, he said. UNDP agreed regarding the stress laid in the report on the need for effective project preparation, although the Programme's current guidelines in this respect seemed adequate. It concurred, as well, with the need to brief project staff thoroughly and to ensure their prompt arrival on the scene, and that project follow-up was integral to a project's success. Finally, UNDP agreed with the recommendations contained in the report with respect to certain further administrative decentralization to the field level.

Summary of discussion

65. Various members commented in general support of the JIU findings on backstopping. Several members fully endorsed the recommendations with respect to careful preparation of the project document, and also supported the recommendation for further decentralization to field offices of authority to procure equipment and spare parts locally. One member noted, however, that experience in his country had shown that field offices seldom exercised their delegated authority for local purchase of equipment on the grounds that imported equipment could be had exempt of tax and customs duties while locally purchased items were not subject to such concessions. This was regrettable, since local purchase could obviously speed the timely arrival of equipment and help boost local production, as well.

66. Several members took exception to the recommendation that the appointment of qualified project managers be made several months in advance of the project's becoming operational. One member noted that the experiment had already been tried in his country and in a number of cases the competent authority within the

Government did not approve the project. In that connexion, it was important that all UNDP-assisted project documents be examined in minute detail by the appropriate component bodies within Governments, since large counterpart inputs were usually required. Another member questioned the value of evaluation teams to interview counterpart candidates before their placement on the roster. With respect to international expertise, moreover, there seemed to be no need to confer greater authority on Chief Technical Advisers, since the primary responsibility for project management rested with Governments. Other members expressed support for post-project backstopping as important to the investment follow-up actions taken by Governments. Many members praised the clarity and comprehensiveness of the report, and one asked that the review of backstopping activities be a continuous exercise. One member complained, however, that too much stress had been laid in the report on 20 projects from the same region.

Decisions of the Governing Council

67. At its 623rd meeting on 30 June 1978, the Governing Council adopted decision 25/1, on the annual report of the Administrator for 1977. At its 620th meeting, on 27 June 1978, the Governing Council adopted decision 25/2, on assistance to African liberation movements recognized by OAU. For the texts of the decisions, see section A of chapter XX of this report.

D. CONSIDERATION OF THE JOINT INSPECTION UNIT STUDY "REPORT ON THE ROLE OF EXPERTS IN DEVELOPMENT CO-OPERATION"

Recruitment and use and prospects of reducing the costs of UNDP-financed experts

68. In accordance with a decision taken at its informal meeting held on 8 May 1978 in New York, the Council considered agenda item 17 (g) first in plenary meeting in connexion with the discussion on the annual report of the Administrator for 1977. For consideration of the item, the Council had before it the Joint Inspection Unit Report on the role of experts in development co-operation (JIU/REP/78/3), which was submitted to the Council under cover of a note by the Administrator (DP/334). In addition, the Council had before it background material contained in an addendum to the note by the Administrator (DP/334/Add.1 and Corr.1), as well as the comments of UNDP and the other organizations of the United Nations system on the JIU report (DP/334/Add.2).

69. Introducing the Joint Inspection Unit's report on the role of experts in development co-operation, the Administrator recalled that the Governing Council, which had frequently expressed concern about the rising costs of expert services, had decided in January 1977 that a comprehensive and in-depth study should be made of the role of experts in development co-operation, and had requested that the study should be carried out by the Joint Inspection Unit. The Administrator said that the JIU's report on its study, which presented some far-reaching proposals and a number of suggestions on detailed aspects of technical co-operation, had made a valuable contribution to the creation of a basis for further improvements and new initiatives aimed at enhancing the quality of UNDP-supported activities.

70. In order that the best possible, prompt and practical use should be made of the JIU report, UNDP and the other organizations of the United Nations development system had submitted joint comments thereon for consideration by the Governing Council at its current session. The joint comments identified those recommendations which lent themselves to quick action, those that required further examination and other areas or issues which needed to be studied. The Administrator hoped that the Council would find the joint comments (DP/334/Add.2) and the background material (DP/334/Add.1 and Corr.1) useful in its consideration of the report.

71. Prior to the discussion, the Chairman of JIU made a statement explaining the Unit's approach to the study. He said that JIU had had some difficulty in carrying out the study owing to lack of time and the complexity of the subject. Its report had, however, been submitted on time and covered all the main aspects of the subject as concisely as possible. He expressed his gratitude to the Governments of 72 developing countries as well as those of many developed countries, the UNDP resident representatives, the representatives of agencies, and the 200 or so leaders of national and international project staff, among others, who had co-operated with JIU in carrying out the study.

72. In the view of the Inspectors, the Chairman said, the distinctive feature of UNDP was that it provided host Governments with access to the technical resources of the agencies. Consequently, they suggested a strengthening of the technical role of the agencies, combined with a gradual decrease in their administrative functions.

73. Turning to the recommendations presented in the report, the Chairman said that the future envisaged by JIU was one in which developing countries could have a deeper faith in their national capabilities. Governments would permit national staff to assume greater administrative responsibility for the management of the resources being placed at their disposal by the United Nations. They would approve co-operative arrangements with institutions from other countries for implementing national and regional activities, and would encourage local consulting firms to participate in the national effort. A shift to greater self-reliance among developing countries was the foundation on which the report's proposals were built, the Chairman emphasized.

74. Commenting on the tentative proposals concerning a new payment system for experts, the Chairman said that these proposals assumed that in the future and on average the number of resident experts and the duration of their assignments would decline and that there would be more need for short-term consultants. Thus, experts would have fewer career prospects.

75. Turning to the joint comments of UNDP and the organizations on the JIU report the Chairman noted that the document contained many positive assessments of the JIU report, but that there should be differences of opinion on some of the proposals was natural, considering the complexity of the subject. He said that Government management of projects was a broad concept recommended by JIU for universal application, while government execution of projects was an option which could be exercised by Governments when appropriate. The distinction between these two concepts was clearly brought out in paragraph 55 of the JIU report. Under both concepts, JIU proposed that the accountability of the Administrator be fully maintained and even reinforced as described in paragraphs 63 to 65 of the JIU report.

76. The Chairman said that the Inspectors had read paragraph 5 of document DP/334/Add.2 with surprise and had rejected it because it contained what they believed to be unsubstantiated allegations. In conclusion, the speaker expressed the belief that the recommendations in the JIU report formed a set of measures which, if implemented with speed and determination, would enhance confidence in the capacity of the United Nations system to assist the developing countries in achieving self-reliance in the most effective and economical way possible.

Summary of the discussion

77. In the discussion that followed, 22 members participated. Welcoming the report, several members felt that it constituted an important framework for future action, while other members also referred to the joint comments provided by UNDP and its partner organizations, describing them as balanced and penetrating.

78. Further commenting on the report, several members felt that additional work was required on several issues and recommendations. While some members welcomed specific recommendations, others entered reservations. One member expressed the view that the report, while useful, had gaps and inconsistencies.

Self-reliance

79. Commenting on the findings and recommendations of the report, some members emphasized the importance of building up the self-reliant capabilities of developing countries. One member expressed the view that the performance of the United Nations system in this regard was unsatisfactory. What UNDP could do to improve the performance required close examination. The institution-building type of project, in this member's view, had the highest self-reliance content and hence the bulk of UNDP support should go to this type of project.

Experts and expert costs

80. Some of the members addressed themselves to certain issues concerning experts and expert costs. They pointed to the need to make the provision of expertise more responsive to the needs of developing countries, as well as more economical. One member emphasized the importance of better technical backstopping of experts by the agencies and of more systematic assessment of experts' performance. Another expressed disappointment that the report did not contain suggestions for the more effective use of United Nations volunteers. The alternatives to the use of experts suggested in the JIU report were also welcomed. In this connexion, the importance of flexibility in the use of various methods was emphasized.

81. Several members noted that the method of lump-sum payment of experts should be considered seriously, while others took a different point of view. In this context, the suggestion was made that the possibilities of a more differentiated salary scale should be explored, taking into account different levels of competence and their market values.

82. One member felt that cost reductions should be achieved through the replacement of international experts with national experts and also by greater resort to government execution. Another member, however, felt that government

execution would not result in cost savings but only in the transfer of the costs to the Governments concerned. While some members approved of the use of national experts, others did not agree.

Government management and execution

83. A number of members offered comments on the subject of government management and government execution. It was generally agreed that all projects were government projects and that the management of projects was basically the responsibility of host Governments.

84. One member observed that the principle of government management was the pivot of the entire JIU report and that, although the principle was approved by the Consensus as far back as 1970, the practice of technical co-operation under the auspices of UNDP fell short, even now, of this principle. Another member pointed out that many implementation problems arose as a result. When Governments were not fully involved in project identification and formulation, activities were undertaken which were not what the Governments actually wanted and to which they were not fully committed. If the principle of government management were properly recognized, the member continued, the respective roles of Government, UNDP and the agencies would automatically fall into place and the feeling of partnership between them would be enhanced. The member suggested that the Council should endorse the principle underlying the JIU's proposals concerning government management.

85. It was generally agreed, too, that government execution should remain an option which developing countries might be expected to use in a reasonable and cautious way. One member said that government execution should not, however, lead to the overburdening of the administrative services of the developing countries. In this connexion, another member agreed with a proposal in the report that the decision of a Government whether to take over the procurement of international inputs should be considered in the light of the substance of each project, while a third member said that existing regulations concerning the procurement of equipment should be maintained in the case of government-executed projects as well.

86. In the course of the discussion of this aspect, more than one member expressed the view that the hallmark of UNDP technical co-operation activities should not be the financial contribution but the substantive contribution that the system can make.

87. Intervening again towards the end of the discussion, the Vice-Chairman of the Joint Inspection Unit thanked the members of the Council for giving careful consideration to the reports of the Unit, including the report on the role of experts. He expressed the Inspectors' pleasure at the broad support given to the concept of government management which, in their view, would not in any way diminish the "accountability" of the Administrator. The JIU Vice-Chairman also thanked the officials of UNDP for their observations on the report which had led to a clearer and better understanding of the main objectives of the report.

Observations of the administration

88. Responding to the points raised in the discussion, the Assistant Administrator, Bureau of Administration, focused on what was described in the JIU report as

"government management". He felt that any differences that existed in interpretation were more apparent than real and that they were rooted in semantics rather than in substance. A project which was assisted by UNDP was essentially an undertaking of the Government which, while retaining the basic responsibility for its initiation, formulation, implementation and follow-up, sought assistance from the United Nations system in this process. The over-all management and responsibility for the project rested with the Government, and in this sense every project assisted by UNDP was government-managed. This was a feature that derived from the sovereignty of the Government.

89. The Assistant Administrator said that the seeming differences arose only concerning the use of the terms "government management" and "government execution". The JIU report stated that "government execution" meant that the Government itself would procure the inputs financed by UNDP. The JIU could not be faulted for such an interpretation as earlier Governing Council documents on the subject perhaps allowed for diverse interpretations. But the fact was that, under government-execution arrangements as understood by UNDP and its partner organizations, the Government could either procure UNDP-financed inputs on its own, or decide to use the competent organization of the United Nations for that purpose.

90. The distinction between government execution and traditional execution was quite clear, the Assistant Administrator continued. Under traditional execution arrangements, notwithstanding its basic responsibility for each project assisted by UNDP, the Government concerned shared the responsibility for project execution with the executing agency involved. Under government-execution arrangements, the Government did not share its responsibility and retained undivided responsibility for project implementation. Moreover, it also assumed specific obligations towards the UNDP for performance and financial reporting in accordance with established requirements. What distinguished government execution from traditional execution was this change in the nature of responsibility.

91. The Assistant Administrator emphasized that it was also important to recognize the difference between responsibility on the one hand and role on the other. For even though an executing agency ceased to have responsibility vis-à-vis UNDP under government-execution arrangements, it did not necessarily cease to have a role in project execution. Continuing, he said that the characteristics which the JIU had attributed to government management were also attributable to government execution as understood by UNDP and its partner organizations, but this did not mean that the two terms were entirely synonymous. Government management of projects was a broader umbrella concept within which a Government might retain full responsibility for project execution, which was government execution, or it might share this responsibility with agencies under traditional execution arrangements.

92. The Assistant Administrator summed up the clarification provided as follows:

(a) First, every technical co-operation project was a project of the Government concerned; it might be a UNDP-assisted project but it was certainly not a UNDP project.

(b) Second, although the Government concerned, under traditional execution arrangements, shared the responsibility for the execution of the project with an executing agency of the United Nations system - or rather the co-operating agency as perhaps it should be called - it none the less retained over-all authority over

the project and it was incumbent on the United Nations system not only to respect that principle and prerogative, but also to avoid even unwittingly interfering with it. On the contrary, it should assist the Government by every means possible to exercise that prerogative effectively, subject only to the over-all provisions of the basic agreement between the Government and UNDP, and to the terms of the relevant project agreement relating to the objectives of the project and the use to which resources provided by UNDP might be put.

(c) Third, if the Government chose to retain undivided responsibility for project execution - and perforce to assume direct responsibility towards UNDP for performance and financial reporting - it might still assign a role for the agency concerned in the execution of the project.

93. The Administrator of UNDP also made a reference to the discussions on the JIU report in a subsequent response. He said that he had noted that the delegations of most of the developing countries wished to use government execution selectively, considering it as one of the options available to them. That had been, he added, the experience of UNDP so far in its discussions with Governments on specific projects. He assured the Council that UNDP did, as a regular practice, bring to the attention of the particular government authorities concerned with projects requiring UNDP assistance, that government execution was one of the options available to them.

Follow-up to JIU report

94. Several delegations addressed themselves to the question of what follow-up action should be taken on the JIU report. The view was expressed that UNDP and the agencies must review and analyse again all the recommendations contained in the report and take them seriously into consideration. There was general agreement among those who spoke on this point that some of the measures proposed in the JIU report should be implemented quickly, while other recommendations would require further study and consultation. Some proposals appeared to be counter-productive and perhaps not completely acceptable; furthermore, supplementary studies were required. One member, subsequently supported by another, suggested that the Council should request the Administrator, in co-operation and collaboration with the agencies, to revise and implement those proposals which were unanimously acceptable; to study further and report on the other recommendations; and to undertake such supplementary studies as were indicated. In this context, the course of action suggested in the joint comments of UNDP and the agencies on the JIU report were specifically cited and endorsed by one member. Another member suggested, however, that no decisions on implementation be taken until the Council had the opportunity, at its twenty-sixth session, to consider the views of Governments as well as those of UNDP and its partner agencies.

95. For a summary of the further discussion of item 17 (g) in the Budgetary and Finance Committee, see paragraphs 575 to 580 below.

III. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

96. Under item 16 of its agenda, the Council had before it for consideration and approval, country programmes for Afghanistan, Algeria, Bangladesh, El Salvador, Iran, Iraq, Maldives, Mexico, Portugal, Syrian Arab Republic, Thailand and Yugoslavia, as well as a global project for the testing and demonstration of small-scale solar-powered pumping systems (GLO/78/004). In addition, the Council reviewed a report by the Administrator analysing relevant problems and trends of the country programmes being presented to the Council (DP/322), and a note by the Administrator on the implementation of General Assembly and Security Council resolutions concerning assistance to Cape Verde, Comoros, Djibouti and Guinea-Bissau (DP/340).

97. Acting on a proposal by the President, the Council decided to consider the 12 country programmes in open meetings, but it was agreed that, in accordance with rule 4 of the Council's rules of procedure, the consideration of any country programme could be undertaken in a closed meeting if any member so requested.

A. RELEVANT PROBLEMS AND TRENDS OF PROPOSED COUNTRY PROGRAMMES

98. The Assistant Administrator, Bureau for Programme Policy and Evaluation, introducing document DP/322, recalled the central role which the Consensus had envisaged for the country programming process and of the progress that had been made in refining the process in the years since the adoption of the Consensus. Although country programming did not yet embrace the full range of activities originally foreseen, the coverage of country programmes was being broadened by arrangements such as joint programming. Moreover, General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system had provided a new impetus to this expansion by proposing that the country programming process should serve as a frame of reference for the activities of the other organizations of the United Nations system.

99. UNDP had also benefited from the Council's guidance on this matter, particularly from the extensive review of country programmes which had taken place during the Council's meetings in January 1978. UNDP had noted the Council's concerns about unduly high unprogrammed reserves; about identifying linkages with other assistance; about the participation of the agencies in country programming; and about the inadequate information on Governments' leadership role in the programming process. These concerns had been relayed forthwith to the field and had been discussed with the agencies and government officials concerned. Despite the time constraints, several beneficial effects were evident in the present set of programmes and the Council could expect continued improvement in each of those areas.

100. The country programmes before the Council reflected the desired linkages between the respective Government's development objectives and the technical co-operation activities which were proposed. There was a trend towards large-scale projects in a limited number of priority areas and towards short-term consultants rather than long-term experts. In contrast with the large unprogrammed

reserves in the country programmes presented to the Council in January, some of the programmes before the Council on this occasion had extremely limited flexibility in this respect. It was suggested that this was as undesirable as under-programming and that a compromise needed to be found in the level of commitment against anticipated resources.

101. The Assistant Administrator closed by requesting the Council's views on the Administrator's proposal that henceforth project fact sheets would be issued only for projects involving a UNDP contribution of more than \$250,000, rather than the current level of \$150,000. At the same time, the Administrator intended to provide the Council with additional information on project approval actions by including in his annual report a country listing of each new project approved during that year involving UNDP assistance of more than \$50,000 and of project revisions bringing the total UNDP assistance to a figure above \$50,000.

Summary of discussion

102. Members addressing themselves to this item of the agenda spoke both on general issues relating to the 12 country programmes before the Council and on matters which were related specifically to one or more of the proposed programmes. Summaries of the observations on individual country programmes are contained in subsequent sections of this chapter.

103. Most members expressed their appreciation for document DP/322, indicating that they considered that it, as well as similar documents submitted at previous sessions of the Council, provided a useful overview of the nature and characteristics of the country programmes before the Council. While welcoming the document, a number of members indicated that they would like the report to be more analytical. In particular, some members commented on the absence of a fuller sectoral analysis of the country programmes concerned. While recognizing the difficulties involved in standardizing the sectoral classification for the different countries which presented country programmes to the Council at any one session, those members requested that UNDP include some sectoral analysis in future documents reviewing country programmes which might also constitute an important step towards the integration of multilateral and bilateral co-operation. One member also stated that more information about the lessons drawn from reviews of the experience of earlier country programmes could be of considerable value to the Council.

104. Referring to the country programmes themselves, several members commented that they represented a significant improvement over the first round. Recent country programmes conformed more closely than their predecessors to the concept of country programming adopted in the Consensus.

105. There was general approval of the close relationship between the proposed country programmes and the development plans of the countries concerned. In those cases where no development plan existed, it was noted with satisfaction that the country programmes complied with the expressed economic and social development objectives of the countries concerned. Members also commented favourably on the efforts evident in the country programmes under discussion to co-ordinate proposed UNDP activities with development assistance financed from other sources, and urged the Administrator to pursue his efforts to make increased use of joint programming. A number of members emphasized the usefulness of the country programme documents

in providing their Governments with information which assisted them in developing their own bilateral technical co-operation programmes. Some members provided information on their bilateral technical co-operation activities in the countries presenting country programmes and pointed out the opportunities for full co-ordination between those activities and the proposed UNDP programmes.

106. Most members commented favourably on one or more aspects of the project execution arrangements proposed in the country programmes before the Council. Some members endorsed the intention evident in a number of the programmes to place greater emphasis on the use of short-term consultants rather than long-term resident experts and noted that this was in accordance with the recommendations contained in the Joint Inspection Unit report on the use and cost of experts which was before the Council. Members also supported the greater use of government execution proposed in several of the programmes and commented that this was indicative of the increasing degree of self-reliance being attained in the developing countries. However, some members regretted that there appeared to be little evidence of the use of technical co-operation among developing countries in most of the 12 programmes and it was pointed out that only one programme contained an allocation specifically earmarked for TCDC activities.

107. Many members recalled the adverse comments which had been made by the Council in January about the large unprogrammed reserve and about the large equipment component of some programmes. It was noted with satisfaction that both of those difficulties had been avoided in the country programmes being reviewed, but concern was expressed that in some cases the unprogrammed reserve appeared to be inadequate. In particular, it was considered that the over-programming of available resources which had occurred in three of the proposed programmes could be avoided. Several members commended the clear and practical way some country programmes were made, especially one from the Latin American region.

Observations of the administration

108. In expressing appreciation for the comments on the general issues in the documents before the Council, the Assistant Administrator, Bureau for Programme Policy and Evaluation, emphasized that document DP/322, as well as previous and subsequent documents in that series, should be regarded only as a tool for reviewing the country programmes being presented, and should be supplemented with information from other sources. The secretariat shared the Council's preference for a more analytical document, but it would be difficult, not only because the country programmes presented at any one session of the Council could not be considered representative of all programmes, but also because of the significant and natural differences existing between individual country programmes. Country programmes were scheduled to conform with the respective country's development plan so that the programmes presented to the Council at any one session were not a structured group but rather a coincidental result of different national planning cycles. For this reason, the concern expressed by one member that there were country programmes for only three of the least developed countries (LDCs) before the Council did not imply that UNDP was devoting less attention to the LDCs.

109. The difference between the programmes and the consequent difficulty of undertaking a comprehensive analysis of the group of programmes had caused some members to request that certain additional information be included in the programmes themselves, and the Administrator would encourage Governments

presenting future country programmes to respond to the Council's wishes. In particular, an effort would be made to increase the information on, and analysis of, the previous country programmes; of other capital and technical co-operation; and of proposed cost-sharing activities in the country concerned. However, while measures to strengthen administrative structures could probably be highlighted as requested by one representative, other features such as TCDC became more apparent at the project stage. For this reason, and in order to avoid duplication, it was probably preferable to rely on the annual agency and UNDP reports on TCDC presented to the Sessional Committee on TCDC for monitoring performance in this area. The Sessional Committee had, in fact, generally felt that good progress had been made. It would be noted from DP/319 (para. 16) that a thematic study was also proposed in this area. The Administration had also noted the Council's wish for an improved analysis of the sectoral allocation in the group of country programmes before the Council and would do its best to comply. However, a broader ex post analysis might be preferable, because of the unrepresentative nature of any one group of proposed programmes. In response to another question regarding UNDP's activities in the field of rural development, the Assistant Administrator referred to paragraph 19 of document DP/319.

110. The Assistant Administrator said that she recognized the concerns expressed by members of the Council about the inadequate unprogrammed reserve in some of the programmes. She pointed out that there were two safeguards in the system, namely the 10 per cent unprogrammed reserve in the country programmes and the 10 per cent cushion for inflation in individual project budgets. Because of the great need for technical co-operation, however, many Governments found it difficult to leave provision for an unprogrammed reserve, particularly bearing in mind their experience with slippage in project delivery. Problems would arise only if country programmes were translated into closely budgeted projects. Furthermore, the priority of projects was normally reflected in the timing of their inclusion in the programme, so that if difficulties arose, projects scheduled to start in later years could be modified or dropped. Generalizations were therefore dangerous, but the administration would continue to follow this matter closely and would reiterate the standing instructions on this matter to resident representatives.

111. It was encouraging that many representatives thought that co-ordination with other sources of financing had improved. In that connexion, she welcomed the offer of one donor country to strengthen its relations with resident representatives and, in response to the suggestion that UNDP field offices should become the centre of information for technical co-operation, she pointed out that resident representatives already produced an annual report on development assistance in their country of assignment, covering financial as well as technical co-operation. With respect to the concern expressed by two members on the need to intensify work on pre-investment and investment follow-up, the Assistant Administrator noted that a good deal had been done in this regard and that these measures would be discussed in the context of agenda item 5.

112. Recalling that two delegations had requested information on action being taken to remedy the insufficient linkages between project objectives and project outputs noted in paragraph 11 of document DP/322, the Assistant Administrator stated that this was attracting continuing attention, both in general and in relation to particular projects. Each programme evaluation undertaken was concentrating on such process aspects as this, as well as on substantive matters, and it was also hoped to do specific work on this question in the context of the 1978/79 Evaluation Programme outlined in document DP/319/Add.1. With regard

to the further clarification requested by one member on the statement in paragraph 11 about the lessons learned on the distribution of programme resources over large or small numbers of projects, she noted that those were reflected in the higher degree of concentration of resources evident in the second round of country programmes, which might be considered part of the evaluation of country programming. The grouping of a number of activities under one umbrella implied recognition by Governments of a need for a minimum critical mass in technical co-operation (e.g., in the development of a completely disadvantaged region), as well as for the optimum use of scarce resources. In response to another query, she indicated that paragraph 16 of document DP/322 should be interpreted to mean that the country programme may perfectly well reflect national development priorities without being a mirror image of the national development plan because of the varying needs of the different sectors, and because the multiplicity of donors led to a degree of specialization among them.

113. In conclusion, the Assistant Administrator welcomed the fact that several delegations found the Administrator's revised proposals for reporting project approvals satisfactory, since maintaining the level of reporting at \$150,000 would increase the amount of paper work and make it more difficult for the administration to fulfil its promise to report in a more timely manner.

B. AFRICA

114. The Assistant Administrator and Regional Director for Africa introduced document DP/340 by stating that, although there were no country programmes for Africa before the Council, there had been a number of important developments in the region which he wished to bring to the Council's attention. In particular, he wished to inform the Council of revisions to certain country programmes which had already been approved by the Council, of UNDP's response to various General Assembly resolutions regarding assistance to certain countries in Africa and of activities relating to the Decade for Transport and Communications in Africa.

115. The country programme for Burundi had been approved by the Council at its twenty-third session in January 1977. In February 1978 a Round Table meeting of representatives of 22 countries and of 31 international organizations, was held under the chairmanship of the Government of Burundi. That meeting reviewed the economic and social development problems of Burundi and concluded, among other things, both that there was a shortage of public administrators and all kinds of managers in the country and also a need for improved co-ordination of external assistance. Consequently, the country programme had been adjusted to include a project in each of those areas, with the project for the in-service training of administrators and managers involving a cost of approximately \$1 million over a period of five years.

116. In Kenya, although the country programme had been approved only in January 1978, the new Resident Representative and his staff, together with representatives of the Government, had recently visited every ongoing project and had concluded that there was a need for certain adjustments in the programme. One conclusion was that assistance should be provided for the implementation of the manpower training programme of the Government. UNDP should also play a more active role in the co-ordination of technical co-operation in Kenya. Two multi-donor projects

concerned with rural roads and agricultural planning, and to the financing of which UNDP contributed could serve as models of the catalytic role of the Resident Representative in aid co-ordination.

117. The Assistant Administrator informed the Council that the World Bank Consultative Group on Zaire had set up a commission to formulate a multi-donor programme for the agricultural sector. The commission had met in Kinshasa in March, but it had not proved necessary to adjust the Zaire country programme since that programme was based on the findings of an FAO mission whose conclusions had also been used in preparing the programme for the recovery of the agricultural sector.

118. The Council was reminded by the Assistant Administrator of the deleterious effects of the fall in the price of copper on the Zambian economy, a situation aggravated by the closure of the border with Rhodesia. The Assistant Administrator said that he would be presenting a report on problems concerning technical co-operation activities in Zambia to a World Bank Consultative Group Meeting to be held at the end of June 1978 in Paris. The meeting would provide guidelines for the country programme review which was to take place in October 1978.

119. In drawing attention to the Transport and Communications Decade in Africa, the Assistant Administrator informed the Council that the Administrative Committee for Co-ordination (ACC) had decided that the Economic Commission for Africa (ECA) should be the leading agency within the United Nations system in implementing General Assembly resolution 32/160 on this subject. ACC had also suggested that 1983 should be celebrated as World Communication Year. UNDP would be assisting ECA in preparing a plan of activities for the Decade. The Assistant Administrator further informed the Council that he had recently chaired a meeting of 35 African countries and some 30 donor organizations regarding a civil aviation training programme for the region which would contribute to the success of the Decade. UNDP would be providing \$35 million to this programme, of which \$27 million would be from country IPFs and the remainder from the regional IPF.

120. Referring to document DP/340, which was before the Council, the Assistant Administrator explained that \$425,000 was required for the increase in the IPFs of Djibouti and Guinea-Bissau as a result of their being granted the benefits of least developed country status. The Assistant Administrator also informed the Council that, following upon Security Council resolution 419 (1977), the Administrator had received a request from the Government of Benin for an increase in its IPF from \$16 million to \$20 million to assist in repairing the damage caused by the aggression referred to in that resolution. Pending the Council's decision in this matter, the Administrator was exploring the possibility of utilizing the Capital Development Fund for this purpose.

Summary of discussion

121. Although there were no country programmes from the region before the Council for consideration, a number of members addressed themselves to the subjects mentioned by the Assistant Administrator and other issues of concern to the region. Among those addressing the subject, there was general support for the changes introduced in the four country programmes. One member expressed his Government's appreciation for the round table of donors which had been organized by UNDP and for the new projects which had been developed as a result of that meeting.

122. One member stated that the decision of the General Assembly to accord the status of a least developed country to four more nations in the African region was indicative of the development problems, both inherent and created, which existed in the region and he joined other members in supporting the proposed increases in the IPFs for Djibouti and Guinea-Bissau.

123. The observer from the People's Republic of Benin addressed the meeting and provided members with information on the nature of UNDP's activities in his country and on the difficulties which had been faced by Benin as a result of the aggression which gave rise to Security Council resolution 419 (1977). He emphasized that his Government's request to UNDP was prompted by that resolution and that his Government would welcome whatever modalities the Council proposed for responding to the request. Several members expressed sympathy to the Government of Benin for the damage suffered as a result of foreign aggression and, while there was some hesitation at endorsing the specific request put forward by that Government, several members urged the Council to consider favourably the provision of assistance to help Benin repair the damage.

124. Several members expressed their support for the Transport and Communications Decade in Africa and there was a general appeal to the Council to support the programme for the Decade in co-operation with ECA and other agencies concerned. In connexion with the problems of transport and communications in Africa, one member referred to the United Nations Special Fund for Land-Locked Developing Countries which was to assist in this area and, in view of the low level of its resources, urged the Administrator to solicit additional contributions to the Fund. In commenting on UNDP activities in the Sahelian region, another member mentioned that the resources of the United Nations Sahelian Office were also short of requirements.

125. One member from the Latin American region pointed to the similarities between Africa and his country and to the scope for co-operation between them. He referred to his country's growing bilateral programme, and informed the Council that his Government had invited the Assistant Administrator and Regional Director for Africa to visit his country to examine the possibilities for using UNDP's resources to increase co-operation with Africa.

126. Another member raised a question regarding the continuation of intercountry projects after the supporting intergovernmental organizations had ceased to exist. He stated that this had occurred recently in a number of projects in which his country participated and he hoped UNDP would be able to find a means of continuing support to these activities which could be of benefit to an even larger number of member States.

Observations of the Administration

127. Responding to the points raised in the discussion, the Assistant Administrator and Regional Director for Africa expressed his gratitude to the Government which had arranged his visit to one Latin American country. He agreed with the view that there was considerable scope for co-operation between Latin America and Africa and he pointed to training and the transfer of technology as areas with particular potential.

128. With regard to the inquiry about intercountry activities, the Assistant Administrator said that the dissolution of any intergovernmental body did not require that UNDP support to institutions under the auspices of that body should cease. In the particular instance cited, UNDP was making every effort to ensure the survival of the institutions concerned. Their country coverage might be expanded and any reformulated projects would be considered for assistance within the resources available.

C. ARAB STATES

129. Before introducing the country programmes for Algeria, Iraq and the Syrian Arab Republic, the Assistant Administrator and Regional Director of the Bureau for Arab States provided the Council with a brief overview of developments during the first six months of the Bureau's existence. He stated that the Bureau had attempted to adapt itself both the development requirements common to all countries in the region and to the specific and varying needs of the individual countries. It was recognized that there were certain deficiencies in UNDP's performance in the region, but steps had been, and would continue to be, taken to rectify them. In particular, an analysis had identified a number of reasons for weaknesses in project delivery in the region. These findings had been discussed with Governments and the agencies, as well as at the regional meeting of resident representatives in Doha, as a result of which an improvement was expected in that aspect of performance in the following year.

130. The Assistant Administrator continued by commenting on the increasing degree of intercountry co-operation in the region, referring particularly to the intergovernmental organizations created by the Arab League and to the two main regional commissions concerned. The increased co-operation, he stated, reflected the desire to achieve collective self-reliance and to enhance the region's participation in the establishment of a new international economic order. He indicated that the Regional Bureau would develop its communication and collaboration with these intercountry bodies and, in particular, would explore the possibility of involving the ECA and ECWA in the execution of intercountry projects.

131. The Assistant Administrator informed the Council that, of the 18 countries in the region, five had already submitted their second country programmes, three programmes were being presented for approval at the current session, and the remaining 10 would be submitted in due course. Although two of the countries had already relinquished their IPFs, they were interested in preparing country programmes on a full cost-sharing basis.

132. The Assistant Administrator informed the Council that Algeria was the first country to adopt country programming and was now submitting its third programme, one which would involve UNDP expenditure of more than \$50 million. As a reflection of its confidence in UNDP, more than \$24 million of this amount would be provided by the Government of Algeria in the form of cost sharing. The country programme was closely co-ordinated with the Government's economic and social development objectives, with some 82 per cent of the funds being programmed for activities in the fields of training and agricultural and water resources development. The majority of inputs would comprise experts and fellowships, but there would be a move towards the systematic and recurrent use of short-term consultants rather than long-term experts. The experimental use of national project directors would be expanded.

133. The country programme for Iraq involved planned expenditures of \$17.3 million over the period 1977-1981. In this case, the Government had decided to discontinue cost-sharing arrangements, apart from the balance of \$1.9 million from the first cycle. Projects involving an estimated \$50 million which could not be financed under the IPF would be implemented under funds-in-trust arrangements. The remaining \$15.4 million would be IPF resources, of which \$0.4 million was the unspent balance from the first cycle. The country programme had been prepared by the Government by selecting areas for technical co-operation, ascertaining their relationship to the objectives of the five-year development plan, and examining the ability of the United Nations system to deliver the inputs called for. Activities would be concentrated in the industrial and agricultural sectors and would involve manpower development and training, transfer of technology and the development of infrastructure.

134. The Council was informed by the Assistant Administrator that the country programme for the Syrian Arab Republic anticipated a UNDP contribution of \$19.3 million over the period 1977-1981 including \$4.3 million of under-expenditure from the first IPF cycle. The Assistant Administrator pointed out that this country programme was also closely related to the country's national plan and that there was a linkage between many of the proposed UNDP activities and other multilateral and bilateral technical co-operation projects. Some two thirds of the UNDP contribution was to be utilized for the provision of expertise, with increasing use being made of short-term consultants. The Government was also proposing several umbrella projects, each of which incorporated a number of subprojects. In addition, the Assistant Administrator pointed out, the programme included a separate project for TCDC.

Summary of discussion

135. Apart from the general observations referred to in section A of this chapter, there were no comments relating specifically to the country programmes for Algeria, Iraq and the Syrian Arab Republic.

D. ASIA AND THE PACIFIC

136. Before introducing the proposed country programmes for the Asia and Pacific region, the Assistant Administrator and Regional Director, Bureau for Asia and the Pacific, provided the Council with some observations on development trends in the region over the last year. He noted the considerable economic growth which had been attained in the region, commenting particularly on the strong performance of the agriculture sector. The changing nature of the economies in the region, and their efforts to achieve self-reliance and to be less vulnerable to fluctuations in performance and demand of the international economy might cause the technical co-operation requirements of these countries to become more technologically oriented.

137. Reviewing developments in UNDP's activities in the region, the Assistant Administrator informed the Council that a recent regional meeting of resident representatives had indicated that UNDP's working relationship with its agency and government partners had been restored. Following the enforced decline in programme delivery in 1976, it had been possible to attain only a modest increase in 1977; but, given continued flexibility in programme management, it was expected that

delivery would increase significantly in 1978 and would double between then and 1981. It would, however, be extremely difficult for field offices to handle this increased workload adequately with their present staffing.

138. On specific issues, the Assistant Administrator referred to progress in UNDP's activities in the Socialist Republic of Viet Nam, including the signing of the Basic Agreement, and he expressed the Administrator's appreciation to the Government for its co-operation in allocating office accommodation and housing. He also informed the Council that, following the establishment of the Interim Mekong Committee, UNDP would be continuing its previous support to the Mekong secretariat during 1978. Assistance would also be provided to the Centre in Teheran concerned with the integration of women in development. The Council was advised that the Administrator had increased the IPF of the Solomon Islands from \$2.3 million to \$3,145,000 in accordance with the decision taken at the twenty-second session of the Council regarding the IPFs of newly independent countries.

139. The Assistant Administrator informed the Council of the strengthening of the regional programme, mentioning the efforts to align regional activities more closely with the expressed interests of the participating countries and to rationalize assistance to regional institutions. He also drew the Council's attention to five resolutions adopted by the Economic and Social Commission for Asia and the Pacific (ESCAP) and informed members that, in accordance with decisions of the General Assembly and the Governing Council, ESCAP was now responsible for the execution of seven ongoing or proposed regional projects.

140. With regard to the proposed country programme for Bangladesh, the Assistant Administrator stated that expenditure in Bangladesh from all sources of UNDP funds would be around \$83 million during the second cycle making it UNDP's second largest operational programme. From a modest start in 1972/73, expenditures against the IPF and the Special Measures Fund reached approximately \$7 million in 1977 and commitments for 1978 were some \$18 million. The programme also involved a number of imaginative modalities, including an umbrella project for consultancies, the mobilization of national personnel to advise on policy aspects of programme and project formulation and the Government execution of a project to develop a master plan for the iron and steel industry. The Assistant Administrator also referred to pages 67 to 73 of document DP/321 describing the active role of the UNDP office in Bangladesh, namely that of a mobilizer, co-ordinator, initiator and lobbyist as well as a funder of external inputs.

141. The Assistant Administrator drew the attention of the Council to a letter from the new Government of the Democratic Republic of Afghanistan (DP/GC/AFG/R.2/Add.1) which endorsed the proposed country programme, on the understanding that modifications might be introduced within the framework of the programme during its implementation. In order to take account of slippage in implementation, the Government had programmed resources at 19 per cent above their anticipated availability. This was considered not to be inconsistent with delivery rates in recent years, but the Assistant Administrator assured the Council that the Government and UNDP would nevertheless ensure that expenditures were carefully controlled. The thrust of the programme was towards meeting rural basic needs, with some 55 per cent of the resources allocated for support of rural agricultural programmes. Another feature of the programme was its close complementarity with other bilateral and multilateral assistance activities, including the UNFPA country programme also before the Council. 2/

2/ For the discussion on UNFPA programming, see paras. 678-736 below.

142. The proposed country programme for Iran was directed towards the Government's objectives of reducing economic and social differences, of developing human resources and of improving the quality of life. Activities in the rural and agricultural sectors and in the field of manpower planning and training, as well as other areas, were directed towards these objectives. The Assistant Administrator informed the Council that the Government of Iran wished to maximize the use of high-level short-term consultants, rather than long-term experts, in undertaking these activities. He also drew the Council's attention to the proposed level of cost sharing in the programme which, at almost twice the level of the IPF, required the Council's approval. He informed the Council that the Government had undertaken to provide semi-annual lump-sum payments in advance for the implementation of this exceptional cost sharing arrangement, and recommended that the Council, on this understanding, approve the proposed level of cost sharing, as well as the country programme itself.

143. The Assistant Administrator informed the Council of the opening of a suboffice in the Republic of the Maldives and expressed the view that the year-long country programming exercise for the Maldives had demonstrated the usefulness of this arrangement in smaller countries. The programme had evolved from a series of sectoral reviews and had resulted in a concentration of proposed activities in a relatively few sectors with government priority. The Government had realized that the economy could not continue to rely solely on the fishing industry, so the development of tourism was one such priority area where UNDP assistance was sought; the agricultural and transportation sectors were other areas of emphasis.

144. The first priorities of Thailand's Fourth Plan were accelerating economic growth, reducing income disparities and improving education and training. The Assistant Administrator pointed out that these objectives were appropriately emphasized in the proposed country programme for that country. The country programme was the result of an intensive effort by the Government and the UNDP office, including sectoral advice from the agencies. Although the programme involved a significant level of underprogramming, it contained a reserve list of projects under consideration which reduced the unprogrammed reserve to a level more commensurate with the requirements for inflation and the need for flexibility to accommodate newly emerging priorities. As with many of the other programmes before the Council, the implementation of the Thailand country programme would involve a greater reliance on short-term advisers and increased integration of project activities with assistance being financed from other sources.

Summary of discussion

145. The Council was addressed by two representatives and one observer from countries whose country programmes were under consideration. These participants in the discussion outlined their countries' economic and social development plans, emphasized the close relationship between these plans and the respective country programmes and provided the Council with further information on the nature of the proposed programmes. They stressed the role their Governments had played in formulating the country programme and emphasized the importance of the programme to the realization of their economic and social development objectives. One member commented on the structure of the country programme document for his country, pointing out that it distinguished between those projects which were ongoing or imminent and those which were either not yet formulated or not fully identified. Another feature of this programme was the high cost-sharing element. Having been the first country to adopt cost sharing and having been satisfied with the outcome,

his Government wished to consider the possibility of expanding this financing arrangement. Another member indicated that an inventory of technical co-operation requirements was prepared as a part of the country programming exercise.

146. An observer described the significant role UNDP had played in his country since independence. He referred to the useful recent visit of the Administrator to his country and he expressed his Government's appreciation for the work of the resident representative. While recognizing the steps being taken by the administration to increase delivery, he commented adversely on the slowness of some agencies in processing project proposals and made a number of suggestions for improving implementation.

147. A number of other members welcomed the close relationship between the development plans and the proposed country programmes for the region and one member described the programmes as well-balanced. Referring to a particular example, another member criticized the isolated way in which some of the activities in the proposed country programmes were presented, emphasizing the absence of a poverty oriented approach and of information which would clarify the reasons for the inclusion of different activities, particularly with respect to their relationship with other external inputs. He suggested that UNDP should act as an information centre on technical co-operation activities in the way that the World Bank did for capital assistance activities. One member, referring to the proposed support for a so-called export processing zone in one of the country programmes, reminded members that only scant knowledge as yet existed about the social and economic impact of such zones, and cautioned UNDP to consider carefully its involvement in that kind of project before additional knowledge was obtained. Another member commented that the wide range of projects in one of the programmes would require careful management in order to recruit the large number of short-term experts when required and to achieve the desired flexibility in the programme. A number of members were critical of the over-programming particularly evident in one of the programmes in the Asia region.

Observations of the administration

148. The Assistant Administrator and Regional Director, Bureau for Asia and the Pacific, stated that the administration had taken careful note of the comments made in the discussion, especially of the suggestions made by one observer regarding means of improving implementation. He also agreed with the proposal of one member regarding the role of UNDP in assembling a data bank on technical co-operation activities at the country level. With regard to the level of over-programming in one programme, the Assistant Administrator informed the Council that UNDP had suggested the adoption of a reserve list to the Government concerned, but the Government had wished to ensure that all projects were adequately formulated, although they would be approved only if adequate funds were available.

E. EUROPE

149. The country programmes for Portugal and Yugoslavia were introduced by the Deputy Administrator. The proposed country programme for Portugal was its first and involved inputs valued at \$5 million, of which \$1 million would be cost sharing. Two aspects of the programme reflected the political changes which had taken place in the country over recent years. First, the labour and management

sector and the public administration sector were the largest in the programme, accounting for some \$1.3 million. Second, the programme was heavily training-oriented. It was also to be noted that the Government intended to associate the UNDP programme with other assistance activities and, although not a riparian country, was interested in participating in some Mediterranean intercountry projects.

150. The Deputy Administrator said that the proposed country programme for Yugoslavia reflected the Government's development priorities as set out in the National Development Plan. Although project-oriented, it focused on activities in the least developed areas of the country, on projects involving more than one republic or province and on projects utilizing the results of first cycle activities. The sectors of science and technology, industry, and energy accounted for \$3.5 million of planned expenditures, agriculture a further \$2.5 million and some \$750,000 had been allocated for participation in co-operative programmes with other European countries. The Government had indicated that it might undertake cost sharing in order to finance projects for which there were insufficient UNDP resources.

Summary of discussion

151. An observer whose Government's country programme was before the Council for consideration spoke of the recent changes in the socio-economic system of her country, particularly the creation of a large public sector and the return of some 500,000 people from former colonial Territories. The activities proposed in the country programme would concentrate on developing the human and technical capacity of the country and were in line with the Government's Plan, the principal objectives of which were to reduce unemployment, to correct the balance-of-payments deficit and to undertake social reforms.

152. Members who addressed themselves to these two country programmes expressed their general support and indicated that they considered the thrust of the programmes to be corrected. On the basis of his Government's bilateral activities in agricultural extension in Portugal, one member suggested that the country programme might devote further attention to the processing of agricultural products and the development of small and medium-sized industry. He also observed that, since Government execution appeared to be successful, the high proportion of government-executed projects in the Yugoslavia programme seemed appropriate.

F. LATIN AMERICA

153. The Assistant Administrator and Regional Director, Bureau for Latin America, provided the Council with an overview of on-going UNDP activities in the region. Following a decline in 1976, project expenditures had recovered in 1977 and it was expected that some 85 to 90 per cent of programmed expenditures from all sources of funds would be disbursed in 1978. Strengthened co-operation with the agencies, with regional intergovernmental bodies and with certain bilateral donors had been another feature of UNDP activities in the region.

154. Because of its state of development, the availability of modern technologies was of particular concern to the region and the Assistant Administrator referred

to the difficulties of maintaining adequate numbers of up-to-date scientists and technicians in the region. He informed the Council of activities being undertaken by UNDP and the agencies to remedy the situation. He referred to UNDP's proposals with regard to multinational technological enterprises, citing it as an example of TCDC in the region. He also mentioned the Central American energy programme being assisted by the Organization of Petroleum Exporting Countries (OPEC) and a project concerned with non-conventional energy, as well as activities in the field of international trade.

155. The Assistant Administrator continued by describing some of the activities in the Caribbean, stating that the UNDP and UNFPA resources available to the region over the period 1977-1981 would be over \$90 million. He referred to the promotion of integration and economic co-operation in the region and made special reference to two projects in the fields of food production and maritime transport. He also outlined projects in Latin America concerned with employment and regional and rural development, and informed the Council that UNDP would no longer be contributing to the financing of the Latin American Institute for Economic and Social Planning (ILPES), which would become a part of the Economic Commission for Latin America (ECLA).

156. The Assistant Administrator said that the proposed country programme for Mexico covered five high priority areas: namely industrial development, agricultural development, administrative reform, regional development (including human settlements) and energy. The use of the new dimensions concepts would be an important feature of the implementation of the programme. With regard to the proposed country programme for El Salvador, the Assistant Administrator said that 23 of the 51 strategic programmes in the Government's development plan would receive UNDP assistance, reflecting the close linkage between the plan and the country programme. Other key features of the country programme were the emphasis on TCDC and the priority given to strengthening economic planning.

Summary of discussion

157. One member stated that the most important feature of his Government's country programme, which was before the Council, was the step it made towards the integration of technical co-operation into the country's economic and social programming. He indicated that the Government's national co-operative programme for production had formed the basis for the programme. He then outlined some of the priority areas in the country programme and went on to highlight the importance his Government attached to international co-operation, particularly technical co-operation. Also, in pointing out the specific priorities of his country's development plan - increased food, energy and capital goods production and more employment opportunities - he quoted his President's policy on international co-operation that "technology is the common heritage of mankind".

158. There was a general expression of support for the country programmes of El Salvador and Mexico, with members commending the linkage with the respective development plans. One member commented on Mexico's pioneering role in rural development from which his country had benefited, and he hoped that the experience gained from activities in the two proposed country programmes would similarly prove useful to other countries in the region. Another member pointed out the benefits already realized from this ongoing horizontal co-operation programme.

159. A number of members addressed themselves to the issues raised by the Assistant Administrator in his opening remarks. Particular attention was paid to the importance of the transfer of technical knowledge to the attainment of technological self-reliance in the region and one member representing a country outside the region referred to that country's familiarity with the problem of the emigration of qualified personnel. Another member observed that, although the region's demands for technical co-operation were rising, the UNDP resources available to the region were falling because of the increased needs of other regions.

G. GLOBAL AND INTERREGIONAL

160. The Administrator drew the Council's attention to UNDP's efforts towards integrating country and intercountry programmes and underlined the importance of such global research and development activities as the demonstration project in solar-powered pumping before the Council for approval. The Senior Director, Division for Global and Interregional Projects, provided the Council with further information on this proposal. He recalled that the Council had attached high priority to research into alternative sources of energy in its consideration of the global and interregional programme at its twenty-third session (E/5940, 3/ para. 131) and he expressed the view that the use of solar energy for pumping water could make an important contribution in alleviating poverty and hunger. Four countries had agreed to designate research institutions to monitor the necessary testing of solar-electric and solar-thermal pumps, and the Senior Director suggested that that was the type of high-risk project which the Council had felt should be included in the global programme when it adopted the decision on new dimensions in technical co-operation. 4/

161. The Senior Director pointed out that this new endeavour was closely related to other UNDP global research projects and outlined UNDP activities in the field of international agricultural research and public health. The third area of emphasis in the approved global programme was technology development and adaptation. The proposed project was not only the first project in this sector, but also added an important dimension to the agricultural research component of the programme, namely a more appropriate means of supplying the water necessary for improved agricultural production.

162. Referring to the Council's approval of authority for the Administrator to incur expenditures of up to \$25,000 to undertake preparatory work on proposed global projects (ibid., para. 174 (b)), the Senior Director informed the Council that experience had indicated that this limit was too restrictive. The sound formulation of global research and development activities required greater inputs; the Administrator therefore was requesting that the Council increase the authorization to \$75,000, on the understanding that the Administrator would report to the Council on its use.

163. The Senior Director then provided the Council with examples of the catalytic

3/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3.

4/ Ibid., Fifty-ninth Session, Supplement No. 2A (E/5703/Rev.1), para. 54.

effect of the UNDP interregional programme in attracting non-UNDP resources and cited the case of the public works project in which 15 LDCs and seven more experienced developing countries were participating. This project had already attracted significant local and external non-UNDP financing and other ongoing and future projects were expected to do likewise. The Senior Director commented that the need for interregional projects outstripped the resources available. He indicated that he would provide the Council with a report on the activities the programme could undertake if the necessary resources were available.

Summary of discussion

164. Members addressing the subject were unanimous in their support for the proposed global project in solar-powered pumping. One member indicated that his Government had provided UNDP with documentation on this subject and that his Government would welcome the opportunity for co-operation with UNDP in this area. Another member also drew attention to his Government's willingness to share with UNDP its experience in this field.

165. A number of members spoke on the present nature of UNDP's global and interregional activities, endorsing the activities being undertaken. It was felt that the ongoing projects were fully consistent with the programmes, which had been approved by the Council, and support was expressed for the selection of testing. One member suggested that consideration should be given to the possibility of increasing the global and interregional IPFs.

166. The Secretary-General of the Intergovernmental Maritime Consultative Organization (IMCO) addressed the Council and expressed his organization's appreciation for the support which UNDP had given to its field activities. Nevertheless, there remained a significant unsatisfied demand for technical co-operation in the field of maritime transport, resulting from the desire and necessity of developing countries to participate equitably in world shipping. The shortage of maritime personnel in the developing countries required the establishment of training facilities and UNDP was already financing some of the technical co-operation required to ensure that the trained personnel conformed with global standards. In addition, short-term advisory services would be needed for some time to assist developing countries in continually modernizing their maritime safety administrations. That need could be met only by a small team of high-level experts travelling from country to country applying the same standards. Although there were already a few developing countries which did not require such services, recent events had shown that there was an urgent need for further maritime training and for advisory services in maritime safety administration. The Secretary-General therefore urged the Council and UNDP to give sympathetic consideration to the proposals put forward by his organization and referred to in document DP/323 concerning sectoral support. 5/

167. A number of members voiced their support for the views expressed by the Secretary-General of IMCO.

5/ For a report on the discussion of this document, see paras. 613-628 below.

Decisions of the Governing Council

168. At its 607th meeting, on 16 June 1978, the Governing Council adopted decision 25/3, on country and intercountry programming and projects. At the same meeting, the Council also adopted decision 25/5, on assistance to Benin. At its 611th meeting, on 21 June 1978, the Council adopted decision 25/4 of the United Nations Decade for Transport and Communications in Africa. For the texts of the decisions, see section B of chapter XX of this report.

IV. INVESTMENT FOLLOW-UP

169. For its consideration of item 5 of its agenda, the Council had before it a note by the Administrator on investment follow-up (DP/320).

170. The Assistant Administrator opened discussion by pointing out that the document, prepared in response to a request made at the twenty-fourth session of the Council, was one part of the activities under way to intensify work on investment follow-up. The paper was prepared in fullest consultation with the agencies, reflecting some of their suggestions. She called attention of members to the inventories, listed by agency, of projects ongoing and completed in 1976 and 1977, for which development financing of related technical co-operation might be required. Also available to members was the Administrator's annual report on investment commitments in 1977.

171. She outlined recent efforts to develop partnership arrangements with sources of finance and to associate them with investment-oriented projects. Intensive consultations in recent months had, however, underscored the inherent difficulties of bridging the gaps between pre-investment and investment phases, since they fell under the responsibility of different organizations, and of obtaining adequate data on actual investment generated by UNDP-financed activities. The Assistant Administrator went on to mention the suggestions put forward in document DP/320, in some cases at the suggestion of agencies, to strengthen UNDP's investment follow-up functions.

172. Finally, she mentioned various alternative means, detailed in document DP/320, which might increase the resources available for pre-investment activities, among them the possible establishment of a pre-investment revolving fund. She invited members' views on the various means of strengthening UNDP's pre-investment function. More staff time and resources would be devoted to this area in future, and she said that a second staff member within the Bureau for Programme Policy and Evaluation had already been assigned to this function.

Summary of discussion

173. Members of the Council welcomed the note by the Administrator which, they said, demonstrated the importance of investment follow-up activities. There was general agreement that, as indicated in the Consensus, pre-investment activities and their follow-up were one of the basic responsibilities of UNDP. One member, however, commented that the proportion of investment-oriented projects supported by UNDP was very low. A number of members pointed to the multiplier effects of such activities, referring to the data on the level of investment commitments which had resulted from UNDP projects. Although this was one measure of results, some members pointed to the difficulties of compiling this data and of using it as a measure of performance. One member suggested that it was an understatement of the true level of follow-up investment generated by UNDP pre-investment activities, while another member pointed out that results could not be measured on the basis of the volume of follow-up investments generated because the avoidance of a bad investment was as important as the identification of a good one.

A number of members suggested that Governments should endeavour to provide improved information on investments resulting from UNDP projects.

174. Several members considered that the Administrator should continue his efforts to improve the investment follow-up function in UNDP, although a number of members emphasized that it should be done taking into account at all times the sovereign rights of Governments to determine their own investment activities. Members voiced their support for the decentralization and other measures which had been taken to streamline the investment follow-up function in UNDP. Many members pointed to the need for improved information on the results of investment-oriented projects and for improvement in the flow of that information to interested parties. It was suggested that some investment-oriented projects did not produce, and the inventory of such projects prepared by UNDP did not provide, the type of information that was required by potential sources of investment financing. Some members therefore welcomed the efforts of the Administrator to improve performance in this respect, and they commented favourably on the moves being made to strengthen the investment follow-up aspect of UNDP relationship with the agencies, most particularly the World Bank. They also reacted favourably to the proposal that UNDP should establish, where they did not already exist, working relationships with other development finance institutions.

175. With regard to the financing of investment-oriented projects, most members expressed doubts about the establishment of a pre-investment revolving fund, although a few members favoured the idea and thought it should be examined further. A number of members referred to the existing multiplicity of separate funds and doubted whether the creation of a new fund would result in a net increase in the flow of resources to developing countries. One member said that the prior experience in establishing a revolving fund did not encourage the undertaking of another such venture. Most members did not discuss the details of the proposal, although a number referred to the difficulties of determining criteria for the selection of projects to be financed by such a fund. One member suggested that time-consuming procedures would probably be necessary to operate such a fund.

176. There were fewer reservations about the establishment of national pre-investment revolving funds, although a few members found themselves unable to support this idea. Other members felt that country IPFs could and should be used for such purposes if Governments so wished, and they pointed to it as a further way of enhancing national self-reliance.

177. The majority of members were opposed to the use of the Programme Reserve for the financing of investment feasibility studies. It was argued that those studies could not be regarded as unforeseen contingencies and were therefore not in line with the purposes of the Programme Reserve. Of all the various proposals made, most members considered that the IPF, and in some cases cost sharing, should be used for the financing of pre-investment activities.

178. Members were generally in favour of "umbrella" projects described in paragraphs 31 and 32 of document DP/320, and one member expressed concern that the proposal in paragraph 27 that such projects should be replicated on a "selective" basis might result in too restrictive a use of projects of this type. A number of members endorsed the Administrator's proposal to increase the use of local expertise in investment-oriented projects and to associate national financial institutions more closely with such projects.

179. The representative of the World Bank referred to the partnership between Governments, UNDP and his organization. While the World Bank provided the financing for equipment and civil works, UNDP had traditionally provided grant funds in convertible currency to enable Governments to undertake feasibility studies and project preparation. The World Bank representative also referred to UNDP financing of the technical co-operation inputs required in the implementation phase of investment projects. The shortage of UNDP funds for these investment-oriented purposes in 1976 had resulted in an excessive increase in the provision of such financing by the World Bank; the Bank therefore welcomed UNDP's effort to re-establish the previous partnership in the financing of pre-investment activities. The World Bank representative emphasized, however, the need to involve potential investors in the activities being undertaken throughout the pre-investment stage, saying that it was rarely possible to attract financing for an investment project by presenting a feasibility study to a potential investor who had not been associated with its preparation.

180. Those addressing the issue welcomed the Administrator's proposal for a thematic study on the subject of investment follow-up. Some members endorsed the proposals in paragraphs 25 and 26 of document DP/320 regarding future staffing arrangements for investment follow-up activities in the agencies, involving either the UNDP financing of appropriate posts in the agencies or the formation of a multidisciplinary team with expertise in the preparation of investment projects. A number of members also reacted favourably to the possibility of establishing an investment-oriented group within UNDP headquarters, but they indicated that they would require further information on staff requirements before they could formally endorse the proposal.

181. One member indicated that his Government would be prepared to consider the financing of any feasibility studies which were brought to its attention.

Observations of the administration

182. In responding to points raised in the discussion, the Assistant Administrator, Bureau for Programme, Policy and Evaluation, said that the administration had noted the encouragement which the Council had given to UNDP to intensify investment follow-up activities, and in doing so the administration would, in accordance with the Consensus of 1970, fully recognize the sovereign rights of Governments to determine their priorities among their own development activities. Similarly, the administration was pleased to note that the Council endorsed many of the proposals for such further action in this area as closer contacts with agencies, improved formulation of projects, more "umbrella" projects, increased use of local expertise, closer association with financing organizations (including those at the local level), and an improvement in the availability and flow of information relating to UNDP investment-oriented activities. Note had also been taken of the suggestions made by the Council, particularly with regard to information and information flows.

183. The Assistant Administrator expressed some concern at the lack of agreement on two financial aspects of UNDP's investment follow-up activities. The first area related to the availability of additional sources of finance for investment-oriented projects themselves, in order to increase this activity. The second requirement was for some flexibility in the provision of staff resources to enable UNDP and the agencies help to guide UNDP-financed pre-investment activities to the investment stage.

184. Although the majority of members were unable to support the proposal of a pre-investment revolving fund, the Assistant Administrator responded to an inquiry from one member by providing some information on what the administration had had in mind in terms of the nature and scope of activities of the fund. She noted that a number of members were more favourably inclined towards national pre-investment revolving funds and she assured one member that any such funds would involve the provision of technical co-operation by UNDP, if a Government so requested, rather than a financial transfer to the Government from the IPF. She also noted that members were generally opposed to the use of the Programme Reserve to finance feasibility studies, but she pointed out that the administration was seeking only a degree of financial leeway to finance urgent studies, particularly high-risk projects in the least developed countries, which could not be accommodated within the IPFs.

185. Some members had expressed support for the strengthening of ties with the agencies in the area of investment-oriented activities, in particular for the idea of multidisciplinary teams and the possibility of UNDP's financing one or two posts in this field in the agencies. Some delegations had also recognized the need to strengthen UNDP headquarters' capacity in this respect, but there had been no firm conclusions.

186. In conclusion, the Assistant Administrator assured the Council that the administration would do everything possible to respond to the Council's wishes for a strengthening of UNDP's activities in the area of investment follow-up, but she hoped that there would be understanding of the financial and staffing constraints to which she had referred.

Decision of the Governing Council

187. At its 622nd meeting, on 29 June 1978, the Governing Council adopted decision 25/6, the text of which appears in section C of chapter XX of this report.

V. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

188. Under item 14 of its agenda, the Governing Council had before it reports by the Administrator (DP/317 and Corr.1) and by participating and executing agencies and regional commissions (DP/309, Vols. I-XIII) reviewing measures taken by them to implement the pertinent recommendations of the Working Group on Technical Co-operation among Developing Countries (TCDC) as set out in the report of the Working Group 6/ and as modified by the decisions on TCDC taken at the twenty-third session (see E/5940, 3/ para. 435) and at the twenty-fourth session (see E/6013/Rev.1, 1/ para. 525).

189. Under item 14, the Council also had before it a report of the first meeting of the Interagency Working Party on TCDC (DP/317/Add.1) which was established under the Programme Working Group (PWG) in October 1977 to consider steps to be taken to implement the decision taken at the twenty-fourth session of the Governing Council on the wider use by the United Nations development system of the capacities of developing countries in recruiting experts, subcontracting, procuring equipment and providing fellowships. 6/

190. Finally, under this item, the Council had for consideration the report of the Preparatory Committee for the United Nations Conference on Technical Co-operation among Developing Countries at its third session (A/CONF.79/3).

191. The item was referred for preliminary consideration to the Council's Committee on Technical Co-operation among Developing Countries, which reported thereon to the Council.

192. In his opening observations, the Chairman emphasized that this session of the Committee was of special importance as it was being held on the eve of the United Nations Conference on TCDC. He said that TCDC should be seen as an important means of building national and collective self-reliance and contributing to the establishment of the new international economic order. While the primary responsibility for promoting TCDC rested with the developing countries, TCDC was equally in the interest of the developed countries and should therefore receive their full support.

Consideration by the Committee on Technical Co-operation among Developing Countries

193. In his opening statement to the Committee, the Administrator said that UNDP's progress report on TCDC, as well as the reports of the participating and executing agencies and the regional commissions revealed the capacity of the United Nations development system to respond to the many challenges involved in the promotion of TCDC and reflected the vitality of the system as an instrument for its implementation. They registered a marked enhancement of TCDC activities in almost all sectors and showed that many TCDC initiatives referred to in previous progress reports were now bearing fruit. He invited the Committee's suggestions for further

6/ DP/69.

improving the efforts of the United Nations development system to make TCDC a truly dynamic force in the establishment of the new international economic order. Stressing the importance of the implementation of the various aspects of the decision at the twenty-fourth session of the Governing Council on the improved utilization of the capacities of developing countries in the programmes and projects of the United Nations development system, he observed that, while efficiency in programme delivery must always be maintained, it was the obligation of the system to utilize those capacities to the full and thus contribute to raising their economic levels and building their national and collective self-reliance.

194. The Administrator, in his capacity as Secretary-General of the United Nations Conference on TCDC, then reported on the status of the preparations for the Conference. He explained that the focus of discussion at the third session of the Preparatory Committee for the Conference was the draft Plan of Action prepared by the Secretariat. From that discussion as well as from discussions at meetings of the Inter-Agency Task Force, the Secretariat had received a wide spectrum of views on the different sections of the draft and on the main conceptual and recommendatory issues which it raised, all of which the Secretariat would take into account in improving and finalizing the draft Plan of Action and also the second major document for the Conference, namely the conceptual paper on TCDC as a new dimension of international co-operation for development.

195. Turning to the arrangements for the Conference, the Administrator stated that the host Government, Argentina, had given the Preparatory Committee a detailed report on the preparation of the site and related facilities. The Preparatory Committee had decided to provide for one committee, parallel with the plenary. Facilities would also be provided for possible working group or contact group meetings. In conclusion, the Administrator stated that they were well set towards a Conference that would lift technical co-operation among developing countries to a functional level in the international development process.

196. On the suggestion of the Chairman, it was agreed to consider the reports of UNDP, the participating and executing agencies and the regional commissions and the report of the Inter-Agency Working Party together, and then deal with the report of the Preparatory Committee for the United Nations Conference on TCDC on its third session.

197. The Assistant Administrator for Programme Policy and Evaluation said that the progress reports submitted to this session by UNDP, the participating and executing agencies, the regional commissions and the Development Banks were intended to help Governments in assessing the progress achieved in responding to the report of the Working Group on TCDC adopted by the Governing Council four years ago. 7/

198. TCDC should be viewed as an important instrument for promoting co-operation among the countries of the developing world in all fields. It had a tremendous potential for expanding the development capacity of developing countries by pooling their knowledge, and by transferring, adapting and diffusing their experience for the benefit of other developing countries. It could encompass

7/ See Official Records of The Economic and Social Council, Fifty-seventh Session, Supplement No. 2A (E/5543/Rev.1) para. 224.

the entire spectrum of development, including both social and economic aspects. It might address itself to specific programmes or sectors or to the economy as a whole and was equally applicable to the exploratory, pre-investment or operational stages of a project. While all agencies might not necessarily take quite such a broad view of TCDC, they all clearly subscribed to its principles and objectives and were actively promoting them in their respective spheres.

199. Several global developments and trends had contributed to the over-all increase in TCDC activities by the United Nations development system; for example, the growing awareness among developing countries that technology developed in the industrialized countries was not necessarily the most appropriate for their needs. Again, since TCDC became official United Nations policy within the framework of the new international economic order, the concept had exercised an increasingly more forceful influence on technical co-operation activities. TCDC had figures on the agendas of the governing bodies of several agencies, some of which had established their own programmes.

200. The reports reflected a marked improvement over earlier reports, both in the quantity and the quality of the TCDC activities undertaken by the United Nations development system. These emphasized not only the building of national and collective self-reliance, but also the strengthening of the capacities of developing countries to conduct their economic relations with the developed countries on a more equitable basis. UNDP's progress report gave many examples of support to TCDC programmes and projects at the bilateral, subregional, regional, interregional and global levels, and like those of many of the agencies, indicated how far the recommendations of the Working Group had been implemented. The progress reports of the agencies, the regional commissions and the Development Banks indicated support to regional activities or training and research institutions in developing countries which aimed to enhance their TCDC capacity. UNDP and the agencies had also reported instances where study tours and exchanges of visits, by increasing awareness of the capacities existing in different developing countries, and by identifying potential areas of co-operation, had already resulted in bilateral or regional TCDC arrangements being made by developing countries themselves. The reports also gave examples of agency programmes which had successfully supported TCDC activities started by developing countries.

201. Turning to the Information Referral System, the Assistant Administrator recalled that UNDP had published in June 1977 the first edition of its Directory of Services for Technical Co-operation among Developing Countries, registering 350 organizations in 67 developing countries, and 31 regional organizations, which had competence for engaging in TCDC. UNDP had now circulated to the Governing Council a second expanded edition registering 383 new organizations and 21 more countries. A special improved feature was the subject index. Next year, UNDP planned to publish a further expanded Directory, which would link the capacities of developing countries to specific development needs. Unquestionably the value of the Information Referral System depended on the extent to which countries availed themselves of it. The next phase would, therefore, be to ensure and monitor its effective use through resident representatives and the inquiry service. It would also be desirable for UNDP to work out mutual support and feedback arrangements with the information systems of regional commissions and other organizations of the United Nations development system.

202. The Governing Council at its twenty-fourth session had adopted a far-reaching decision on the wider use by the United Nations development system of the expertise and capacities of developing countries in the execution of its programmes and projects. To this end, the General Assembly subsequently requested the Administrator and the executive heads of participating and executing agencies and regional commissions in resolution 32/182 to formulate for approval by the intergovernmental bodies concerned, suitable changes in their rules, regulations, procedures and practices. In October 1977, the Programme Working Group set up an Inter-Agency Working Party to consider how best to carry out the Governing Council decision. The Working Party met in January 1978 and the UNDP's Special Unit for TCDC served as its secretariat. Its report and recommendations were endorsed by the Programme Working Group in March 1978 and were now presented to the Governing Council as DP/317/Add.1.

203. Increased use of experts, subcontracts, procurement and training facilities of developing countries were reported by several agencies. However, some agencies whose fields of activity involved highly specialized technology had indicated difficulties not shared by those covering broader fields of specialization. Again, the Inter-Agency Working Party felt that local and regional fellowships constituted a very important TCDC activity but recognized some real constraints. To establish a baseline, UNDP had included in its own progress report a table giving annual data on the use of experts, equipment, subcontracts and training facilities of developing countries for the years 1970-1977. Some agencies had also provided statistics on the use of developing country capacities in their own programmes. While these statistics were not altogether satisfactory, UNDP and the agencies would continue to do everything possible to implement the Governing Council decision and would not wait upon the outcome of the Conference in order to make progress. Indeed, the imminence of the Conference underscored the importance of advancing at the fastest pace possible.

Summary of discussion in the Committee

204. Members of the Committee expressed their appreciation to the Administrator and Assistant Administrator, participating and executing agencies, for their illuminating presentations, which gave wide coverage to the field under discussion, and also for their dedication to the cause of TCDC. They also congratulated Mr. Chidzero on his appointment as Deputy Secretary-General of the United Nations Conference on TCDC.

205. All members pledged the support of their Governments for the promotion and development of TCDC as a vital instrument for the establishment of a new and more equitable international economic order. In that context, they expressed satisfaction over the progress made by the United Nations development system in the implementation of the recommendations of the Working Group on TCDC as reflected in the reports of UNDP, the participating and executing agencies and the regional commissions. Some members added that these reports showed that, in the four years since the adoption by the Governing Council of document DP/69, TCDC had taken firm root in the United Nations development system and its conceptual framework had been considerably clarified. The documentation also highlighted the problems encountered in the practical implementation of TCDC. Some members observed that the reports not only reflected the capacity of the United Nations development system for multilateral TCDC, but the capacity of the developing countries themselves for bilateral and multilateral TCDC. Some members

pointed out that TCDC was the primary responsibility of the developing countries themselves. However, if the whole United Nations community wished to establish the new international economic order and a true partnership between the developing and developed countries, then real assistance to developing countries was necessary to promote and strengthen TCDC. They, therefore, urged both multilateral and bilateral donors to render such assistance, since otherwise they would continue to accept the concept of TCDC without its real implementation.

206. It was generally agreed that TCDC should not be considered as an isolated programme or an end in itself, but as a powerful vehicle for building the individual and collective self-reliance and the creative capacities of developing countries and for promoting their over-all development.

207. Several members expressed the view that, having regard to the need for solidarity and collective efforts to establish the new international economic order, the entire United Nations development system and UNDP, in particular, should play a major role in helping developing countries to establish and develop TCDC, and therefore called for further efforts on the lines already pursued.

208. Some members stressed that a political will and commitment to TCDC on the part of developing countries was essential if TCDC were to succeed. In this context, one member remarked that many good and well-founded co-operative ventures of developing countries had unfortunately been crippled by self-centred political interference and that such situations should be avoided at all costs.

209. Many members pointed out the importance of the supportive role of developed countries in TCDC activities and showed appreciation for the active participation of these countries in the discussion. They requested the developed countries to increase their multilateral and bilateral assistance to TCDC through appropriate arrangements.

210. Some members felt that TCDC could not flourish unless monopolies, regressive forms of land holding and the activities of transnational corporations were eliminated. They also urged the development of the State sector as important for TCDC. But the chief contribution that States could make to the promotion of TCDC was the reduction of military budgets and the use of funds thus saved for TCDC purposes.

211. Another member observed that in their struggle to establish a new international economic order through TCDC, the developing countries faced the common tasks of opposing colonialism, imperialism and hegemonism and of developing their national economies. In recent years, developing countries had continuously strengthened their mutual support and achieved gratifying results in the development of their national economies. This effort did not, of course, exclude the possibility of scientific and technical co-operation with other countries on the basis of equality and mutual respect for sovereignty. He added that the TCDC activities described in the progress reports were insufficient compared to what was needed to establish a new international economic order and that the developing countries had rightly demanded a revision of the existing procedures of the United Nations system for recruiting experts, equipment procurement,

subcontracting and the provision of fellowships, as these activities had long been monopolized by the super-Powers and some developed countries.

212. Different views were expressed regarding the objectives of TCDC as defined in paragraph 8 (a) to (e) of the Administrator's report. Some members supported the objectives of TCDC as defined in those paragraphs, while others had reservations regarding paragraph 8 (c) and (d) since they felt that those paragraphs were perhaps more appropriate as objectives of economic co-operation among developing countries (ECDC). A few members also thought that TCDC should not be viewed simply as an instrument for trade promotion. These members thought that projects relating to the promotion of trade should not be classified as TCDC. Another view expressed was that TCDC was a down-to-earth exercise where the most valuable work could be done at the field level through grappling with concrete problems and finding solutions by drawing on the experience gained in other developing countries. Too much time should not therefore be devoted to abstract principles. One member pointed out that the objectives of TCDC was one of the main agenda items for the TCDC Conference and, therefore, the Sessional Committee should not attempt to prejudge the decisions of the Conference by debating or arriving at a conclusion on a truncated list of objectives.

213. While commending the progress reports on TCDC, several members suggested that future progress reports be more concise, with emphasis on qualitative assessment rather than description. Some members favoured reporting in quantitative terms as well, as this would help trends to be more readily followed. One member suggested the presentation, if possible, of one synthesized report by UNDP, reflecting the information provided by the agencies and the regional commissions rather than several separate reports.

214. One member said that he could not agree with the view that documents DP/69 and DP/229 and the pertinent resolutions and decisions of the General Assembly and the Governing Council could be revoked or amended by the TCDC Conference. He explained that the Conference had a broader objective and was intended to stimulate implementation and further understanding by all of those decisions. He was, therefore, heartened to hear that the Assistant Administrator was not waiting for the Conference before implementing those decisions.

215. All members complimented the Special Unit for TCDC on the efficient preparation of the second edition of the TCDC/INRES Directory on capacities available in developing countries for technical co-operation with other developing countries. They noted with appreciation the expansion of the information it contained and its improved features and looked forward to the further improved edition which UNDP proposed to issue next year.

216. Many members observed that, inasmuch as the number of organizations registered had risen from 850 in the first edition to 1,233 in the second edition, and the number of countries offering services had risen from 67 to 88, the second edition represented a major step forward in the development of the global information system. The system was of value not only to developing countries, but to agencies and organizations involved in the implementation of TCDC. They considered it to be a most valuable instrument in vivifying and widening TCDC activities and called for further efforts to link requirements with the existing capacities of developing countries.

217. In regard to the expenditure on the Directory, one member felt that the costs of the information referral system were high and suggested an evaluation of its usefulness before further expansion was considered, while another felt that they were quite limited considering the quality and undoubted value of the Directory.

218. Several members reported the establishment of national bodies to co-ordinate TCDC activities or national focal points for TCDC. In that connexion, some members stressed the importance of ensuring close co-ordination between national focal points for TCDC and agencies responsible for the execution of regional programmes as it was evident that more and more elements of TCDC would be introduced into regional and interregional programmes and projects.

219. One member suggested that there should be a special section in the Directory for national focal points. The same member also felt that the questionnaires sent out to organizations could perhaps be somewhat simplified.

220. Many members pointed out that the greatest potential for TCDC lay not in the mere transfer of technology from one developing country to another but in sharing the experience of how to adapt technologies to the social and economic setting of a developing country. It was therefore a careful study and a wide sharing of that experience which would make TCDC a successful method of co-operation for development.

221. One member stressed that for TCDC to be successful not only should existing technological institutions be developed, but new ones should be established in areas identified as appropriate by the forthcoming United Nations Conference and by other forums or agencies. All this required resources which would have to be mobilized by developing countries, developed countries and the United Nations development system. The same member felt that the implementation of the objectives of the transport and communications decade for Africa should be incorporated in the Plan of Action to be adopted at Buenos Aires.

222. One member felt that the time had come for the organizations of the United Nations development system to give careful thought to the establishment of a special fund for TCDC in the same manner and has been set up by some Governments of developing countries. He said that it was only through additional resources that TCDC would in the final analysis become a dynamic movement.

223. Members noted with satisfaction the extent to which regional IPFs had been used to enhance TCDC at the regional level as indicated in document DP/317 and Corr.1, paragraph 109, and some drew attention to the numerous examples in the report of the Administrator, as well as those of the agencies and regional commissions, of how TCDC was being developed through regional and interregional projects. One member expressed the view that a unified approach to TCDC activities by the United Nations development system would further advance the cause of TCDC.

224. Referring to the criterion used for determining "developing countries", one member felt that not all recipients of IPFs could be classified as developing countries. The same member suggested that the Sessional Committee should reconsider its role and the frequency of its meetings.

225. Many members noted with appreciation that UNDP was paying special attention to the needs and capacities of the least developed and geographically disadvantaged countries. One member felt that there was an apparent neglect in

paragraph 28 of UNDP's progress report of the LDCs in the African region, as that paragraph described projects in support of LDCs in regions other than Africa and wished to know what activities were envisaged for them. Another member stated that the needs and capacities of another category of developing countries, the most seriously affected developing countries, should also be kept in mind.

226. The comprehensive additional action that the reports showed had been taken in the field of public relations, both for the Conference itself and for the promotion of TCDC, was generally commended. Appreciation was also shown for the measures that had been taken and were envisaged for the removal of attitudinal and other barriers to TCDC.

227. Some members suggested that, as regards recommendation 24 relating to the training of junior professional staff in developing countries, UNDP, the agencies and the regional commissions should, without waiting for requests from individual developing countries, plan appropriate training programmes to which developing countries could be invited to send participants. In this connexion, another member emphasized the importance of strengthening and supporting national training institutions with TCDC potential.

228. Some members strongly supported the expenditures proposed in paragraphs 125 and 126 of document DP/317 and Corr.1, in view of the many important tasks which the Special Unit was called upon to perform and expressed the hope that the Special Unit would continue to perform these tasks after the Conference in an enhanced manner. Others felt that they should not be rejected outright, but should be carefully examined in the light of further information from the Administrator on these proposals. Still others felt that it would be more appropriate to postpone consideration of these proposals till after the Conference.

229. Some members thought that the proposal, contained in paragraphs 124 and 125 of UNDP's progress report, to send out special missions had considerable merit and should be approved, particularly in view of the relatively modest cost involved. Others felt that the proposal was premature and its consideration should be postponed till after the Conference. Still others felt that it should be appraised against the background of the time and costs involved, as well as alternative ways of achieving the same objectives. One member suggested that, while missions could be quite important, UNDP could consider circulating questionnaires to the countries earmarked for visit. The results of such an exercise could well make the missions unnecessary.

230. Many members expressed the view that the Special Unit should be strengthened and pointed to the TCDC/INRES Directory as a good example of the catalytic role which the Unit could and should be expected to play on an increasing scale in the promotion of TCDC. These members recognized the need for an additional officer for the Special Unit, both in view of the small size of the Unit and the additional work involved in implementing the decision on TCDC at the twenty-fourth session of the Council. Other members thought, however, this proposal too was premature as the future of the TCDC Special Unit should be reviewed in the light of the proceedings of the Conference and as it was possible that the workload of the Special Unit may decrease after the Conference. Some members wondered whether the costs for an additional officer could not be met from the regular budget of the Special Unit as the Unit would be relieved from drafting preparatory documents for the Conference. Others pointed out that the request for

strengthening the Special Unit was only marginal and the costs involved in organizing the special mission and appointing an additional officer were modest and should, therefore, get the support of the Committee.

231. It was generally accepted that a review of the existing procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships with a view to increasing the use of developing country capacities would prove to be very significant for the development of TCDC. They therefore welcomed the creation of the Inter-Agency Working Party and expressed appreciation of the report of its first meeting (DP/317/Add.1). They saw in that report an effort by the United Nations family to make a co-ordinated approach to the issues involved.

232. Members noted that, according to the table on page 24 of document DP/317 and Corr.1, the utilization of experts and subcontractors from developing countries showed an upward trend. Some members were not satisfied with the progress made in the areas of procurement and awarding fellowships, and commented that in those areas the table depicted divergent or downward trends. One member drew attention to a substantial increase in the expenditures of the World Bank for consultants services from developing countries which, according to its report (DP/309/Vol.III), had risen from 3 per cent in 1973 to over 30 per cent in 1977. Another member drew attention to the study by the Joint Inspection Unit on the role of experts (DP/334) which offered some innovative ideas for the TCDC activities of the United Nations development system.

233. Several members drew attention to paragraph 8 of the report of the Inter-Agency Working Party (DP/317/Add.1) and said that they shared the view of many agency representatives that it was difficult to set quantitative targets for the achievement of progress in implementing the Governing Council decision. They felt that artificial targets which disregarded the need for quality and efficiency were certainly unhelpful. Another member warned that the argument against targets should not in any way be allowed to dilute the concept of the increased utilization of developing country potentials. Yet another member said that, despite difficulties involved, a modest beginning should be made by setting indicative targets for the guidance of agencies. Members generally felt that, while the implementation of the Governing Council's decision presented certain problems, substantial results could be achieved if the necessary effort was made.

234. In regard to subcontracting, one member suggested that UNDP country programmes and programmes of other United Nations bodies be made available to developing countries through the respective Resident Representatives to enable them and their organizations to make their bids at the same time as organizations from developing countries with faster communication facilities.

235. The representative of UNIDO touched upon those aspects of his organization's work in the area of TCDC which were not included in its report since the report had to be prepared early for submission to the Governing Council. He said that in 1973, UNIDO had launched a concrete programme of operational activities for promoting TCDC. Up to mid-1978 it had, under that programme, finalized a total of more than 127 projects to the total value of about \$3 million. UNIDO was presently engaged in the establishment of an Information and Technological Development Bank, which was expected to make a significant contribution to its own TCDC system. In the course of 1978, UNIDO intended organizing two consortia

of developing countries at the ministerial level, each of which would focus on assisting a particular LDC which was a member of it. Finally UNIDO, in co-operation with UNDP, had organized a seminar on the flight of talent from developing countries which was just concluded.

236. The representative of WHO also detailed some additional developments not contained in the agency's report. At the thirty-first session of the World Health Assembly held in May 1978, a further resolution on TCDC was adopted (WHA.31.41) to strengthen WHO's TCDC programme, to collaborate with developing countries in the establishment and promotion of TCDC, to support in all possible ways the establishment and maintenance of centres for TCDC, and to attract extrabudgetary funds for the support of TCDC in health projects. At the thirty-second Assembly in May 1979, a special technical conference would be devoted entirely to the subject of "Technical Co-operation in the Field of Health among Developing Countries". Turning to the preparation of progress reports, the WHO representative felt that it was not possible for agencies to provide in-depth analyses of all their activities in the space that could be allotted to each agency. He, therefore, suggested instead that for future reports, four or five important areas be singled out for detailed analysis.

237. The representative of UNCTAD emphasized the importance of distinguishing between TCDC and ECDC activities. UNCTAD was interested and actively engaged in TCDC which it considered as an important tool for the promotion of ECDC. The principal TCDC mechanisms it employed were recruitment of a high number of experts and consultants from developing countries; research, collection, distribution and exchange of information and experience between developing countries; and providing consulting services at the subregional, regional and interregional levels for supporting the TCDC activities of developing countries such as formulating joint policies, creating a common institutional framework and establishing and implementing TCDC programmes and projects.

238. The representative of the European Economic Community expressed the commitment of the Community to TCDC and described its financial and other support for TCDC activities.

239. Members took note of the report on the third session of the Preparatory Committee for the United Nations Conference on TCDC (A/CONF.79/3).

240. Commenting on the report, one member observed that there was general agreement in the Preparatory Committee that the revised version of the draft Plan of Action should be more action-oriented and hoped that this would be taken into account in the final draft. He wished once again to associate himself with the Secretary-General's comments that no new international bureaucracy should be established and that, in order to avoid duplication, no activities should be envisaged in the framework of TCDC that were already undertaken by other organs of the United Nations system. This member also drew attention to paragraph 40 of the report. He pointed out that the Preparatory Committee had approved an amendment to that paragraph which had not been included in the final version of the report, namely the inclusion of the words "either eliminated or" before the words "brought into line with". He hoped that the Secretariat would take that omission into account when redrafting the recommendations.

241. Another member expressed the hope that the United Nations Conference on TCDC would establish in a positive way the role of the developing countries in the

new international economic order and would eliminate super-Power disruption and interference and duly contribute to strengthening solidarity and co-operation among third world countries.

Observations of the Administration in the Committee

242. The Assistant Administrator (Programme Policy and Evaluation) thanked the members of the Committee for their thoughtful contributions to the debate and for their expressions of appreciation of the work of the agencies, UNDP and, in particular, of the Special Unit. She referred to one member's apt description of TCDC as a self-generating phenomenon and said that they were all feeling their way in their common endeavour to promote it. She assured the Committee that all the comments and suggestions made in the course of the discussion would be followed up.

243. The Assistant Administrator then observed that the points made by members could be classified in five groups. The first related to the general conceptual and institutional aspects of TCDC; the second to the progress reports; the third to the Information Referral System; the fourth to staff and financial resources and the fifth to the report of the Inter-Agency Working Party on the improved utilization of the capacities of developing countries.

244. On the general aspects, it was clear that the TCDC Conference would provide the philosophical, conceptual and institutional framework for TCDC, while the Sessional Committee was concerned with practical arrangements to make TCDC an everyday reality. The section on the scope of TCDC in the UNDP report was intended to place the report in that perspective and was written before the third session of the Preparatory Committee for the United Nations Conference. She had no doubt that the Deputy Secretary-General of the Conference would take all the comments on paragraph 8 into account, particularly the divergent views expressed with regard to subparagraphs (c) and (d). She agreed that it was important to draw a clear line between TCDC and ECDC, but explained that it was sometimes difficult to disentangle the two in practice.

245. The Assistant Administrator foresaw certain difficulties in carrying out the two general suggestions made on the progress reports, namely that they should have greater analytical depth with more emphasis on qualitative aspects and should be synthesized in one document. First UNDP and the agencies needed to acquire more experience in TCDC before making qualitative analyses. There was also the problem of timing and frequency of reports which in turn was related to the timing and functions of the Committee on which several members had commented. Agency annual reports for the June Governing Council were not available until March and had to be submitted for reproduction in the middle of that month. It was also important to avoid duplication of information on TCDC and she felt that it was advisable to look at them in one single forum which was obviously the Sessional Committee, and not in conjunction with country programmes as had been suggested at the January meetings of the Governing Council. Dealing with the point made by one member that paragraph 28 of UNDP's report made no reference to LDCs in Africa, she pointed out that paragraphs 24 and 25 had general application to all LDCs and that African LDCs as the most numerous were the largest beneficiaries of UNDP's programmes intended to benefit LDCs and geographically disadvantaged countries. The section on LDCs had also to be read together with agency reports and the last progress report of UNDP (DP/222), which gave many

examples of TCDC among the LDCs in Africa. Dealing with the comments on the table appearing on page 24 of UNDP's report, she explained that UNDP's earlier financial difficulties and certain other factors were responsible for the decline shown in the use of certain inputs from developing countries in 1976 and 1977. She stressed that percentages gave a clearer indication of increase or decrease than absolute amounts.

246. It was gratifying to hear members speak of the TCDC/INRES Directory in such complimentary terms. In determining what was a developing country for the purpose of the Directory, UNDP was not free to use any interpretation of the term "developing country" other than that given to it by the Governing Council. In answer to the inquiry as to how UNDP intended to match needs with capacities, she said that what UNDP had in mind was simple, namely clustering the capacities registered in the next edition around specific needs. More generally, UNDP felt strongly that more information was required on the total demand for technical co-operation and had reiterated to the Council in the paper on role and activities (DP/319) a suggestion for a global assessment of technical co-operation requirements. One member had observed that the questionnaire sent out to organizations was too complicated. It was true that it was long, which it had to be since it was meant to cater for a wide range of organizations, but every effort had been made to keep it as simple as possible and further simplification would be attempted. One member had commented that the cost involved in producing the Directory was quite high, while another felt that it was modest. Cost was always a relative matter. The cost of producing the first edition was in the region of \$115,000 and the second in the region of \$120,000. This represented a very small increase, having regard to the substantial expansion of the Directory. These amounts also included certain staff costs. The Special Unit hoped to recoup some of the costs by the sale of Directories through the United Nations bookshop. The cost was, in fact much less than that of comparable information systems. Finally in regard to the suggestion that an evaluation should be made of the Directory, she said that UNDP meant to do this on an ongoing basis, but more experience was needed before a full-scale evaluation was feasible.

247. With regard to the additional financial resources requested for special missions to developing countries and for an additional officer for the Special Unit for the implementation of the decision of the Governing Council at its twenty-fourth session, the Assistant Administrator noted that some members thought that consideration should be postponed until after the Conference, while others felt that they should be made available now. She pointed out that the Administrator had been specifically requested in the decision at the twenty-fourth session of the Governing Council to report on any financial requirements in order to implement that decision. She further pointed out that the Special Unit was very small and presently consisted only of four Professional posts, one of which is assigned solely for work on the Information Referral System while another is now loaned to the Conference secretariat. Staff members of the Unit were, therefore, under very heavy pressure. She doubted that the workload of the Special Unit would decrease after the Conference but felt, on the contrary, that it was likely to increase, and urged the need for a rational relationship between workload and staff, noting that the present session had already given rise to additional requests. If a decision on these requests were postponed until after the Conference, it could only be taken at the next meeting of the Governing Council in June 1979 and that might retard implementation of the Governing Council decision

at its twenty-fifth session. ^{8/} Special missions would be used only in a very selective way and would be well prepared; questionnaires would not be a substitute for the kind of work envisaged. She felt that the missions should be financed from programme support rather than from administrative costs depending, of course, on the decision of the Governing Council.

248. Finally, the Assistant Administrator stated that the need to change the existing rules and procedures of the United Nations development system for recruiting experts, subcontracting, procurement and granting fellowships was foreseen by the General Assembly in resolution 32/182 and the Inter-Agency Working Party was now looking into the whole question. For that purpose, the Special Unit had drafted some guidelines for consideration by the Working Party. She reminded the Committee, however, that secretariats could only make recommendations in this regard, but only governing bodies could make decisions.

249. Following the adoption of the decision referred to in paragraph 250 below, an observer informed the Council of the TCDC activities in which his Government was engaged.

Decision of the Governing Council

250. At its 621st meeting, on 28 June 1978, on the recommendation of the Committee on Technical Co-operation among Developing Countries, the Governing Council adopted decision 25/7, the text of which appears in section D of chapter XX of this report.

^{8/} See also paras. 646-656 below.

VI. ROLE AND ACTIVITIES OF UNDP

251. For its consideration of agenda item 8, the Council had before it documents DP/319, DP/319/Add.1 and its three annexes, and DP/319/Add. 2 and 3. Document DP/319 contained an examination of conceptual issues relevant to the nature and direction of the programme and served to provide the linkages necessary among the other related documentation.

252. The Assistant Administrator and Director, Bureau for Programme Policy and Evaluation, stated that the characteristic and continuing strength of UNDP was its capacity to adapt to changing international conditions and to the evolving needs of developing countries. She cited, in particular, the sixth and seventh special sessions of the General Assembly. She reminded members of the high-level debate and the comprehensive decision on the role and activities of UNDP taken at the twenty-fourth session of the Governing Council (see E/6013/Rev.1, 1/ para. 139) and pointed out that document DP/319 and its addenda carried the dialogue one stage further.

253. General Assembly resolution 32/197 on restructuring, with its emphasis on an integrated and multidisciplinary approach to operational activities and increased coherence of the system, provided an important framework within which UNDP would evolve. Many activities undertaken over the last year were fully in line with that decision, in particular work towards the improved coherence, substance and impact of technical co-operation. Linking those objectives were the proposals on conceptual consolidation put forward a year ago; i.e., co-ordination based on common perceptions of development problems among UNDP and the agencies, and coherence of theme and action in resolving them. Steps taken were in full co-operation with the agencies, through discussions at the Programme Working Group (PWG) and continuing headquarters' consultation with the Inter-Agency Task Force. Document DP/319 and the addenda reported progress made since the decision last year and raised points discussed at the last session on which no decision had been taken.

254. The Assistant Administrator pointed out that UNDP's substantive role had been evolved in line with the two themes prominent in the debate at the Council's twenty-fourth session: the creation of a new international economic order and of national and collective self-reliance, in part through technological transfer; and alleviation of poverty among the poorer countries and poorer population groups.

255. At the last session the Council had requested the Administrator to develop planning appraisal and evaluation functions; to consolidate them into a system of analysis and feedback; and to present results of evaluation studies at the twenty-fifth session. In introducing the evaluation programme the Assistant Administrator noted that the studies were grouped around the two themes mentioned, were strictly operational in their intent and should prove an important instrument in the cross-fertilization of ideas and experience. Noting the interdependence of the two themes, she identified those studies which related particularly to each theme. In addition to the three completed studies presented at this session, four additional studies were expected to be submitted at the next session of the Council. She acknowledged with gratitude the interest and support given by Governments, agencies, the PWG, the regional bureaux and the resident representatives to the preparation of the studies.

256. The Assistant Administrator said that experience had now shown that intercountry evaluation activities were clearly conceptually feasible in selected areas and provided insights into promoting self-reliance based on actual experience. A different approach had been adopted in preparing the rural development study, because of UNDP's lesser experience in this field, its complexity, and the growing need to transmit to field offices experience gained. That study, therefore, combined evaluation and programme development elements, emphasizing particularly that rural development must come about as a process of social change, with interrelated, multidimensional activities at all levels.

257. Some experience had been garnered on appropriate methodologies for evaluation, in particular the need to reconcile objectivity with the need for central control to maintain a high standard. It was therefore proposed that the evaluation studies take the form of staff papers, prepared under the guidance of senior officials of UNDP and the agencies, but allowing the executive heads the leeway of adopting or rejecting the findings and recommendations. They would then be published as a continuous series.

258. She noted that the introduction of programme evaluation as an ongoing function of UNDP had required revised organizational arrangements, including an internal realignment of functions and staff in the Bureau for Programme Policy and Evaluation (BPPE), and the allocation of adequate financial resources. In 1978, \$193,000 had been allocated and in 1979 the minimum requirement had been set aside in the budget at \$175,000. The agencies had also made staff and financial contributions to each evaluation.

259. She noted that, in contrast to individual project evaluations, programme evaluation had a broader purpose, a longer time frame, and should improve technical co-operation more fundamentally, producing a pervasive effect on the system as a whole, across a broad spectrum of activities and over time. She appealed for support in providing the necessary level of financial and human resources, and solicited views on this group of evaluations, the first papers of this nature to be submitted to the Council.

260. The Assistant Administrator noted the need to derive benefits from the studies in the short-term, through development of a comprehensive and systematic feedback system, publication of the studies, preparation of Programme Notes on operational guidelines, and organization of training material and seminars to disseminate the findings among UNDP and agency staff, project personnel and government officials. These guidelines and training tools would identify problem areas and conditions for success which might be applied to programmes and projects in future, thus shortening the time for the evaluation programme to make a visible and positive impact on the system's capacity.

261. In introducing document DP/319/Add.2, on UNDP's anti-poverty activities, the Assistant Administrator pointed out that it had been recognized at the conceptual phase of this examination that identification, interpretation and methodological problems were involved. The findings, based on replies from field offices and agencies, were therefore presented with due modesty. The conclusions indicated that UNDP was already considerably involved in anti-poverty activities as a consequence of government requests. She cited the particular areas of difficulty in implementing such projects and concluded that activities in this area did not lend themselves to ready answers. However, the analysis had assisted field offices in developing

insights into the problem and it was hoped that the paper would help channel the Council's discussion onto the realistic difficulties of dealing with poverty in practice.

262. Document DP/319/Add.3 was the third report on the integration of women in development and the Assistant Administrator called the Council's attention to the increased awareness of women's needs by all involved with UNDP programmes. She described other initiatives UNDP was taking in this area and pointed out that the report, which was largely descriptive, would be followed by a full-scale evaluation.

263. The Council had also requested in its 1977 decision on UNDP's role and activities that the Administrator discuss with the executing agencies the improvement of country and intercountry programming and of co-ordination at the field level. Document DP/319 summarized extensive discussions of the October 1977 PWG meeting as well as the suggestions made on how to effect improvements. The Assistant Administrator outlined arrangements and progress made in UNDP/WHO joint programming, noting the participation as well of UNFPA, UNICEF, WFP, UNESCO and the ILO, as appropriate. During its first six months, the Inter-Agency Task Force at UNDP headquarters had focused on how to increase involvement of agencies in the areas of concern to the Council and all these initiatives would provide valuable groundwork for the expansion of the country programming process as a frame of reference for United Nations system operational activities, as provided for in the resolution on restructuring.

264. Given UNDP's increased responsibilities, measures to improve the organization's managerial efficiency had taken on even more importance. In the context of UNDP's service function, the Assistant Administrator mentioned the possibilities of a clearing house for exchanging development experience, the provision of a high-level consultants service, and the polyvalent use of experts.

265. In this context, an assessment of over-all technical co-operation needs was also proposed. The question of resources was clearly germane to any enquiry on the nature of technical co-operation requirements, and such an assessment could provide an alternative approach from the present perception of resources based on anticipated supply. The Assistant Administrator noted the points on resources which the Council had dealt with in the role and activities decision of last year, emphasizing that the large number of technical co-operation channels made co-ordination at the country level correspondingly more important.

266. Turning to UNDP's role in co-ordination, the Assistant Administrator stated that progress had been achieved on the consolidation of development concepts rather than on arrangements of a formalistic nature. At the headquarters level the Inter-Agency Task Force had greatly facilitated cross-fertilization of ideas. The decision to hold an annual Governing Council session had also permitted interagency exchanges on issue papers at the October PWG since it was not necessary to prepare documents for an imminent Council session against a tight deadline.

267. Co-ordination at the country level was enhanced by the provision of the restructuring resolution calling for a single designated official to exercise team leadership at the country level, who, the Administrative Committee on Co-ordination (ACC) had determined, would normally be the Resident Representative, and recommending that the country programming process be used as a frame of reference for operational activities of the United Nations system. She noted the emphasis

placed by the ACC on evolving a multidisciplinary dimension in sectoral development programmes and on the concept of team leadership. She informed the Council of the various means considered at ACC for taking account of countries' particular sectoral interests when designating the single country official, and pointed out that there were policy implications involved in the interrelationship of this aspect with the question of sectoral support.

268. From these illustrations, the Assistant Administrator said, it would be evident that the UNDP course was fully in line with the intent of restructuring. However, the problem was a more fundamental one of confronting an exceptionally critical juncture in international economic relations development issues and technical co-operation. She cautioned that the emphasis on self-reliance should not cause members to forget the second theme which ran through the sixth and seventh special sessions of the General Assembly: that of interdependence at all levels and in many forms. Moreover, mutual interdependence was likely to increase and faster, self-sustaining progress in developing countries was needed to overcome the inherent instability of the present global environment.

269. She emphasized that technical co-operation had a role in seeking solutions for these titanic problems. Not only was the transfer of technology being increasingly recognized as indispensable for development, but technical co-operation, with its humanistic emphasis on the fulfilment of human potential and the satisfaction of human needs, also held the key to many aspects of development. While all the proposals before the Council had been devised to be as practical and as immediately applicable as possible, it was also necessary for the Council to look towards programme policy for the future. Multilateral technical co-operation must evolve with the times and UNDP had to prepare to meet the wide spectrum of factors now known to make up the development process. Frank examination showed that UNDP's response had been inadequate. The greatest dangers were to be insufficiently flexible or pragmatic or to fail to see the pattern of the future. Courage and imagination were required and she hoped that the ideas put forward in documents DP/261 and DP/319 would stimulate more ideas. Only through such a continuing dialogue could UNDP maintain its momentum so as to find more equitable international economic relationships and promote economic and social development for the world community.

Summary of the discussion

UNDP's substantive role

270. Members welcomed the Assistant Administrator's challenging delineation of the issues involved in examining UNDP's role and activities at this point in the evolution of the Programme. Several speakers mentioned that they attached equal importance to the two themes which had underpinned the conceptualization of UNDP's substantive role over the last year: the challenges posed by the creation of a new international economic order and furthering the goals of national and collective self-reliance, including the transfer of technology and skills, and co-operating with Governments in meeting the needs of the poorest population groups. A number of members stated that the role and activities of UNDP should be considered first of all from the point of view of the international situation, as well as with regard to the implementation of the decisions taken at the sixth special session of the General Assembly on the establishment of a new international economic order and the Charter of Economic Rights and Duties of States.

271. A number of members endorsed the idea that technical co-operation should be increasingly directed towards the transfer of technology and skills and creation of greater national capacity. One member noted that at this point in time technologies more suitable to the needs of developing countries were required and he pointed out that UNDP was one among few organizations which attempted to relate technology transfer to the level of the country concerned. Another member emphasized the need for developing self-sufficiency through technology transfer in agro-industries as well as in non-traditional fields of technology transfer.

272. A number of members felt that the alleviation of poverty should be an overriding priority in UNDP's activities, both in terms of enlarging activities in the poorest countries as well as implementing projects which aimed at poverty alleviation among the poorest groups in countries at all levels of development. One member pointed out that this approach to development did not constitute a rival to progress towards a new international economic order, but rather provided a necessary internal dimension to that progress. Another member, noting that his Government did not challenge either the developing countries' right to determine their own priorities or UNDP's obligation to honour these priorities, stated that his Government felt nonetheless that UNDP's efforts to promote activities aimed at alleviating poverty would be helpful in securing funds from the industrialized countries. It was pointed out that while recipient countries had a mechanism for translating their priorities into projects, no similar mechanism existed within the UNDP framework for taking into account priorities of donor Governments. Another representative saw no discrepancy between anti-poverty activities and those relating to meeting new economic conditions of developing countries, in that even the most sophisticated projects could be used to bring about greater equity.

273. A number of members commented on the priority that they thought UNDP should be according to the integration of women in development, and there was considerable support expressed for UNDP's activities in this area. However, while members were encouraged by the formation of the inter-Bureau group for promotion of women in development and the preparation of guidelines on this subject, several members felt that UNDP was not doing as much as it should in terms of operational activities. Members stressed the importance of women's participation in basic planning as well as their full participation in all aspects of the social and economic development of their countries.

274. A large number of members addressed remarks to the evaluation programme as set out in document DP/319/Add.1 and its annexes. Nearly all members were strongly supportive of the programme, which was seen both as a support activity to the field programmes and as an information tool whereby the Council could be informed of the quality and relevance of the Programme. Several delegations were gratified to note the initial steps taken to involve fully the agencies concerned and to develop systematic feedback of the findings of the evaluation studies to the operational programmes of the United Nations system. One member noted that in the final analysis more effective evaluation would benefit recipient countries more than donors. Because of UNDP's central position in the United Nations system, he felt it should play a stronger leadership role in the much needed improvement in evaluation in the United Nations system as a whole. One member noted also that the evaluation should serve to build up an institutional memory upon which the system might draw, as necessary, and another asked for information on how such an institutional memory would inter-link with other information systems. A member who had expressed reservations at the Council's twenty-fourth session, stated that he had reversed his

views on the evaluation programme based upon the documentation presented at this session of the Council, which he felt was more modest in intent than some of the evaluation proposals presented previously. Several members stressed that the studies should be strictly operational in approach and not overburden the secretariat, since the Council was, as yet, unsure on the cost benefit of the studies: it was further stressed that specific financing should be set aside to ensure that staff were available to carry out the evaluation work. It was pointed out that field missions should be planned and Governments and field offices informed well in advance in order that the optimum results could be obtained from evaluation missions. Another member, commending the evaluation efforts, requested that such evaluation activities be built into each project.

275. A few members expressed reservations on the evaluation programme. Two members pointed out the possibility of duplication with activities carried out by agencies; the participation of women in development, rural development, development planning and public administration were among the areas cited where there might be some overlap with agencies' sectoral studies. Another member felt that additional evaluation was unnecessary, given the extensive evaluation work carried out in conjunction with pre-project activities and mid-term reviews.

276. Several members urged UNDP to give the evaluation studies the widest circulation to field offices, agencies and Governments, and one member proposed that they be circulated first to Governments which could provide UNDP with alternative solutions and recommendations. UNDP would then synthesize comments received and distribute them to Council members.

277. Turning to the individual evaluation studies contained in the three annexes, a number of members indicated that they felt the study on textiles was weak. Two members noted that the recommendations in the study were neither major in scope, nor textile-specific. In view of the situation outlined in the evaluation, one member questioned why regular tripartite reviews had not been carried out on the projects in time to remedy the situation. It was felt that the development planning examination contained a clear analysis of projects in that area and a clear set of recommendations; members concurred with the recommendation that planning organizations could become more effective if they were made more problem- and operations-oriented. The rural development study, one member pointed out, contained important conclusions in chapter 5. Another member, however, felt that many of the recommendations and situations dealt with in that study were in the hands of the Governments and therefore offered few recommendations upon which the Governing Council could instruct UNDP to act.

278. In commenting on documents DP/319/Add.2 and 3, one member regretted that such studies had not been made at an earlier stage when the results could have had an impact on programmes of the second cycle. Moreover, he felt that the usefulness of the anti-poverty examination would have been greater if it had included the participation of the nearly one third of the field offices which had not responded to the questionnaire. Members felt that the paper was clear on the point that, while Governments accorded priority to anti-poverty activities, they were experiencing some difficulty in translating these priorities into projects. The Administrator was commended for the caution exercised in the examination in drawing conclusions on this complex issue. Several members emphasized that the study made clear that anti-poverty activities often seemed to lend themselves better to government activity than to external assistance and they requested the Administrator to examine what

adjustments needed to be made to back-stop such projects since they often required inputs not traditionally financed by external sources. A number of members commented on the problems cited in the examination. A member regretted that neither donor nor recipient countries had been involved in the study and hoped that the apparent absence of in-depth analysis of anti-poverty activities was a consequence of the static presentation of the report and did not indicate a lack of involvement and interest on the part of UNDP in the long run. Another member cited this study as an example of examinations which confirm what is already known: in this case that most countries are undertaking a large number of anti-poverty activities in their development efforts and that external inputs may be less useful than a country's own efforts in this area. However a member differed with him on the usefulness of the study, indicating that it provided good insights into the attitudes of the field organization of UNDP. Another member stressed the relationship between the question of poverty and the over-all process of development, as well as the need for a substantial increase in the flow of resources to deal with the problem of poverty.

279. With regard to document DP/319/Add.3, the inventory on activities aimed at integrating women in development, members were generally supportive of UNDP's attempt to examine and increase its activities in this area. They welcomed the fact that there was an increased awareness of the necessity of taking women's considerations more fully into account among all staff involved in the UNDP programme. However several members expressed the view that the paper appeared incomplete, both in terms of analysis and the data presented. They felt that UNDP should be playing a much more active role and one member indicated that it seemed from the documentation that UNDP had only over the last year been making any progress in this field. He noted that while the list of projects was long, some of them mentioned the participation of only one woman and he therefore questioned the breadth and scope of these activities. His impression was that UNDP's emphasis in this area had been somewhat haphazard. Another member pointed out that although UNDP's projects appeared to be geared towards spreading development benefits as widely as possibly among women recipients, he felt that a much stronger emphasis was warranted on integrating women at higher management levels in such fields as planning, engineering, medicine, public administration and farm management. In this context a member pointed to the increasing recognition and progress which had been made in his region in integrating women in development, noting that his country had recently hosted the first conference in his region on this subject. The question of UNDP's support for the Asia and Pacific Centre for Women in Development was raised by one member who noted that UNDP's assistance to the Centre related largely to the programme of work, whereas in the case of all other institutions of this nature, UNDP had also provided institutional support. It was his hope that similar support could be given to the Asian Women's Centre. A large number of members looked forward to the full-scale evaluation which would be conducted on integration of women in development and hoped that it would contain a much more analytical examination of how projects and programmes were affecting women's concerns. One member underscored that this evaluation should be prepared in such a way as to make an important contribution to the 1980 Teheran Conference (World Conference for the United Nations Decade for Women).

280. In this connexion several members drew a parallel with the question of the increased participation of women in UNDP. They noted the figures which had been given on recruitment in 1977 and 1978 by the Administrator in his opening statement and, while they found these encouraging, in their opinion it did not represent sufficient progress towards the target to which the Administrator had indicated his

commitment at the last Council session. They hoped that increased measures would be taken, particularly to recruit women at the higher levels in UNDP, and looked forward to the progress report on this subject which the Administrator had promised at the last session.

281. Several members spoke on the need for an over-all assessment of technical co-operation needs which would aim at a determination of the demand for technical co-operation and which might be used to replace the current supply-determination approach to resources. One member mentioned that it would serve also to enhance co-ordination of all inputs available at the country level. Another member, while supporting the idea, noted that it would have to be worked out in the context of capital assistance and development plans and should therefore be undertaken by Governments themselves. Such an assessment should not, in one member's opinion, be restricted to any particular group of countries selected according to income level.

282. One member supported the development of a clearing house within UNDP for exchanging practical development experience in the context of TCDC and also linked it to the ongoing attempts to develop existing functions of planning, appraisal and evaluation of operations as well as a feedback system to the operational programme. In this context he also supported the creation of a high-level consultants service, given the changing needs for expertise in the last few years. Another member felt that the creation of the proposed clearing house might overlap with functions which were carried out elsewhere in the system.

Financial resources for the Programme

283. In discussing the level of resources, members pointed to what they felt was a disturbing trend in the decline of total project expenditures. However, they were encouraged by the rise in net project approvals in 1977 and anticipated substantially higher project expenditures in 1978 and later years.

284. Many members addressed the funding issue in terms of the connexion between a central funding role for UNDP and UNDP's responsibility for co-ordination in the system as a whole. They were disturbed by the trend towards fragmentation of financing within the system and noted that UNDP's share of total technical assistance provided by the United Nations was now less than half that of the system as a whole (see paras. 745-756 below). They feared that UNDP's share would diminish further if there were continued rivalry for resources between UNDP and some agencies. One member questioned to what extent the \$90 million UNDP shortfall in delivery last year might be attributable to priority given by some agencies to the implementation of their multilateral activities. Another member suggested the formulation by UNDP of a list of "shelf" projects, outside the framework of the IPF system, from which donors, who wished to earmark their resources for certain types of activities, might choose projects having high priority from Governments but which constraints of the IPF system had not permitted implementing.

285. Other members, however, expressed concern about the extent to which multilateral financing might raise the totality of resources at the expense of the central resources which would be needed to meet the 14 per cent target for IPFs and might therefore cut back on the amounts available to certain countries. It was pointed out that funds-in-trust compete with contributions to UNDP's central resources which are the basis of the IPF system and the distribution of resources according to need. One member felt that the costs of administration of multilateral activities, not being part of UNDP's regular programme, should be borne by the donor countries. Another member felt, however, that the assumption of

these costs by UNDP should be acceptable as in this way more agency and multilateral projects were being brought into the country programming process, which was a trend to be welcomed. Proliferation of funds in alternative channels in the system was also seen as an impediment to effective co-ordination of activities within the system and with Governments.

286. Members concurred that the raising and efficient managing of funds was a fundamental role of UNDP. However, a number of donors stressed that they could not maintain over the remaining years of the cycle the same growth rate in contributions which they had done earlier. It was noted that UNDP had for the second year in a row fallen short of the 14 per cent growth target. One member called attention to the fact that the same group of donors continued to make four fifths of the contributions to UNDP. He pointed to the increasing difficulty of justifying to his Government increased contributions unless the base for provision of resources to the Programme were expanded. A number of members pointed out that considerable improvement in the capacity to pay had taken place among a number of countries during this period and that it was generally recognized that these countries would have to increase their contributions at a level above 14 per cent if the over-all target were to be achieved. One member stressed that few of those countries, whether industrialized or developing, had improved their positions in relation to that of the first cycle. Moreover, many developing countries had not responded to the Council's request at its twenty-second session that funds previously provided under assessed programme costs be contributed in future years as additions to their voluntary contribution. It was pointed out that the Administrator had asked for an extraordinary effort from donors to make up the shortfall before the end of the cycle, but that the small group of traditional major donors was already making this extraordinary effort.

287. Most members felt that the resource base should be made more predictable and assured, and many cited the need to reconcile IPFs and annual commitments by multi-year pledging. Also raised in this connexion was the question of more equitable sharing of provision of resources for the Programme. Countries speaking in favour of these concepts generally noted that the Administrator's meeting in April was encouraging. Various degrees of support were expressed, with some members indicating that their Governments were prepared to consider multi-year pledging; others felt that multi-annual pledges could be in the form of "indicative pledging figures" for two to three years ahead. These pledges would not irrevocably commit the member Government, but would provide a general indication for planning purposes and such indicative pledges could be brought up to date on an annual basis. One member indicated his intention to circulate a paper on longer-term financing, indicating procedural requirements and a possible new financing model.

288. Other members cited reasons why multi-year pledging and voluntary burden-sharing would be difficult for their Governments, and might even lead to a reduction in contributions. Reasons cited were that national budgetary procedures prevented multi-year pledging; that Governments would be less generous if they pledged resources in a lump sum for several years ahead; that conservative multi-year pledges might not necessarily be revised upwards should additional resources materialize; that multi-year pledging reduced the value of traditional arguments used by members for requesting additional resources; and that members did not wish to enter a commitment which, given changing circumstances, they might not be able to honour. As regards voluntary burden-sharing, these members

indicated that the voluntary nature of contributions to the programme held attraction for their Governments; that the diversity of their commitments did not allow them to accept a set scale of contributions; and that a burden-sharing system was workable only in programmes governed by bodies operating under a weighted voting principle. Some members noted that in order to increase the efficiency of UNDP activities from the financial point of view, it was necessary to achieve a further reduction of administrative and other unproductive costs; a full use of all national currencies; reduction of the costs of international experts and a gradual replacement of them by national specialists; a transfer of the execution of UNDP projects to the Governments of the developing countries. They also underlined that the implementation of measures on real disarmament was a potential source for the substantial increase of resources for the purpose of development.

289. Several members expressed strong concern over the existing pattern of distribution of resources. They noted that a few relatively well-off developing countries continued to receive substantial funds from UNDP. They felt that to reach the poorer countries more effectively, these resources should be released to help surmount development problems in the less fortunate countries and they supported the voluntary renunciation of IPFs by those better-off countries. One member stated that to the extent the Council did not take appropriate decisions relating to such funding priorities, and to the extent that those countries themselves did not voluntarily adopt net contributor status, then the basis for support for UNDP would be eroded. Several members pointed out that it was not too early to consider revising UNDP's pattern of resource distribution and one member suggested that this should be a major topic at the next Council session. It was stressed, however, that this would not mean that those countries which renounced their IPFs need forego the services of UNDP, as a number of alternative measures, such as TCDC and cost sharing, could be effectively employed.

290. Several members, while supporting measures to increase resources to the poorest countries, felt that this could not be at the expense of the middle-income countries who had ever-growing requirements for technical co-operation. They noted the high multiplier effect of resources going to this group of countries and indicated that absorptive capacity of these countries was high for investment in such critical areas as technology transfer. One member, noting that his country was providing considerable TCDC to other countries at various levels of development, also stressed that cost sharing should be used to a greater extent, thus making use of existing capacity of UNDP. In his opinion there should be no limitations on the level of cost sharing. Another member pointed out that, according to the Council's wishes, his Government had attained net contribution status and also that it had doubled its cost sharing contribution relative to its IPF. He felt, therefore, that it was more the responsibility of developed rather than developing countries to increase their contributions, particularly in order to meet the 14 per cent growth target.

UNDP's role in co-ordination

291. Several members stated that in their opinion UNDP was best placed to co-ordinate technical co-operation, on the one hand, within the United Nations system and, on the other, among member States. It was pointed out that the General Assembly's decision on restructuring and the subsequent actions of ACC had confirmed the central position of UNDP in the co-ordination of technical co-operation, in particular at the country level. One member particularly noted

the considerable progress made by the Administrator in strengthening relations with the agencies. Another member concurred, saying that his doubts that difficulties in co-ordination could be worked out had been resolved by the statement of the Director-General for Development and International Economic Co-operation. One member differed, stating that coherence and co-ordination already existed through the UNDP programming system and pointed to the extensive efforts which developing countries were making in co-ordinating technical co-operation, noting the Government's leadership role in this regard.

292. Several speakers addressed the need for coherence which could be achieved through maintaining common positions in the governing bodies of all the components of the United Nations system. They felt that the responsibility to ensure that the system acted consistently should be reflected in the discussions and decisions made in other governing bodies as well as that of UNDP. One member called upon members of the Council to instruct their representatives to other United Nations governing bodies to support the concept of UNDP co-ordination at the country level and another pointed out that Governments had a mutual interest in bringing together the various elements of the system into a co-operative effort whose impact would be greater than the sum of its parts.

293. Members complimented the Administrator on the close rapport between UNDP and the specialized agencies which was partly due, they said, to his initiative in setting up the Inter-Agency Task Force at UNDP headquarters and to those executive heads of agencies who had decided to participate in this experiment. They hoped that all specialized agencies would soon make full use of this important mechanism for collaboration. One member suggested that periodic interagency meetings under the aegis of regional commissions could also be useful in this context. Another requested additional information on the status of the Memorandum of Understanding among UNDP, UNFPA and UNICEF.

294. In the discussion on the co-ordinating role of UNDP, a number of members re-affirmed the principle that the primary responsibility for oversight of all development co-operation at the country level rested with the Government. Two members felt that the Government was best equipped to decide the relative roles of members of the United Nations system in operational activities. Another member indicated that UNDP's proper role was in increasing the Government's capacity to plan and implement its programmes, noting the need to make maximum use of national expertise and government execution. A number of members underlined that UNDP, as an organization of universal international co-operation in the field of technical co-operation, could become a more viable institution and carry out its activities more effectively only if it drew experience and knowledge from all sources and from countries with different socio-economic systems and only if it used all resources available at its disposal without any limitations.

295. Other members felt that the role of the resident representative had been considerably strengthened by the recent decision on restructuring and the subsequent decisions of ACC. It was felt that in the past there had been inadequate co-ordination with other activities which were executed by United Nations agencies but not funded by UNDP. The provision in the restructuring resolution providing that a single official should be entrusted with the over-all responsibility for and co-ordination of operational activities for development carried out at the country level by the United Nations system had, in their opinion, provided a solution to this long-standing problem of co-ordination. They welcomed the recommendation of ACC that the UNDP resident representative should normally be designated as the

person at the country level to co-ordinate all United Nations activities, and saw the resident representative's role as being correspondingly enhanced by the accreditation of the Secretary-General. One member pointed out that in this capacity the resident representative could act as a catalyst between multilateral and bilateral sources, if the Government so desired, and that any additional expenditure of human and financial resources which would be necessitated by this broader co-ordinating role, would be justified, taking into account the central role and importance of the UNDP programme. One member, speaking in support of the ACC recommendation, pointed out that he saw no reason why an official other than the resident representative should be designated as the single country official since any other appointee in the country would have as his only *raison d'être* the co-ordination of technical co-operation. This could be expected to incur further costs for the United Nations system as well as difficulties with officials already established in the country.

296. Members speaking on the subject were unanimous in supporting the extension of the country programming process to other sources of United Nations technical co-operation. One member noted that the country programming system would thus provide one of the strongest tools for ensuring maximum co-ordination among the operational activities of the system, and a minimum of duplication and overlap among operational and administrative structures. A number of members expressed their support for experimental initiatives already undertaken between UNDP and several agencies and programmes in jointly programming regular budget resources and UNDP's IPF resources. They felt that joint programming had improved co-ordination and would provide a valuable base for implementing the provision of the restructuring resolution. One member noted that joint programming would serve to orient agencies' programmes and projects more in line with the Governments' development priorities, thus enhancing both the co-ordinating role of the UNDP field offices as well as that of the government focal point responsible for co-ordinating technical co-operation. One member asked for clarification on how UNDP intended to proceed with the use of the country programming process as a frame of reference for funds from other sources. The desirability was mentioned of additional transfer of authority to the field by the agencies which had not yet done so. Convening committees at the country level, including donor sources, which would undertake review of technical and capital assistance requirements was endorsed by one member while another recommended a cautious approach.

297. In the discussion on strengthening UNDP's management of programmes and projects at all levels, one member stressed the necessity of speedily implementing the uniformity of administrative, financial, budgetary, personnel and planning procedures.

298. In the discussions on country programming, one member felt that the review and approval of country programmes and individual projects which the Council undertook might better be carried out by a programme committee of the Council. He recommended the formation on a two-year experimental basis of such a committee which would also undertake examination of and report to the Council on theme discussion, relating either to evaluation or policy, which could be the subject of specialized technical debates among experts. The proposed committee would meet prior to the June session and the January meetings of the Governing Council. This was supported by one member; however, all other members speaking on this subject felt that since the approval of country programmes was such an important responsibility of the Council, as evidenced by the decision to retain biennial meetings on country programmes, it could not be delegated to a subsidiary committee.

Observations of the administration

299. The Assistant Administrator commented that the debate on this item had validated lines of thought evolved at the twenty-fourth session and the Administration's subsequent actions. She pointed out that UNDP's main role, the raising and effective use of resources for technical co-operation, implied complex, interrelated actions in the areas of both the substance and the co-ordination of technical co-operation. She noted that the basic premise of documents DP/261 and DP/319 had been echoed by the Director-General for Development and International Economic Co-operation, namely that the time might be ripe for a shift in emphasis in United Nations technical co-operation from operational and logistic support to greater substantive support, involving the transfer of accumulated knowledge and experience in development. She felt that the debate had served to confirm the twin themes for UNDP's substantive role given by the Council at its twenty-fourth session: increasing national and collective self-reliance through the transfer of technology and skills; and helping countries to meet their development priorities, bearing in mind the need to increase assistance to poorer sectors. She had listened with attention to the many members who had spoken on both themes and concurred with the member who had pointed out that she saw no discrepancy between anti-poverty activities and those in technology to meet new economic conditions of developing countries, since even the most sophisticated projects could be used to bring about greater equity.

300. Turning to the inventories on UNDP activities aimed at alleviating poverty and integrating women in development, she underscored that these were catalogues of action underway and not evaluation studies.

301. She was gratified to find strong support among a wide variety of delegations for UNDP's activities aimed at integrating women in development and concurred with the remarks of one member who had stressed that greater emphasis should be placed on integrating women at the higher management levels in many professional fields. She confirmed that, while this inventory was not as comprehensive as a full evaluation study, the breadth and scope of the examination in this area would be improved in the forthcoming evaluation on the subject. She noted that UNDP's activities were intended to involve women fully in development and did not mean the promotion of women's interests in the narrow sense of the expression. The study had not duplicated activities of agencies in that UNDP was required to produce information on these activities for the Committee on the Status of Women and other bodies.

302. The inventory on anti-poverty activities had also been prepared to give the Council a catalogue of UNDP's activities and did not pretend to be analytical. With its problems of measurement and identification, it did perhaps verge upon confirming what was known: that most countries were engaged in considerable anti-poverty efforts and that external assistance in this area might be less appropriate than the country's own efforts. However, it had proven useful in confirming previous suppositions, in producing information which could be fed back to the field network and, above all, in heightening the awareness of all involved in the UNDP programme. She had noted the points made by members that Governments were experiencing difficulty in translating the priority they accorded to fighting poverty into individual projects; that UNDP should look into what adjustments should be made in terms of inputs not traditionally financed by external sources; and that simplistic solutions should be avoided.

303. Turning to the 1978-79 evaluation programme, the Assistant Administrator thanked members for their support. She concurred with one member who had stated that in the final analysis more effective evaluation benefits recipient countries more than donors and appreciated his point that UNDP's central position should enable it to play a stronger leadership role in improving evaluation for the system as a whole. Of particular interest were the statements of members who rightly pointed out that the evaluation system was designed to support field activities through feeding back conclusions and recommendations to field offices, and that the evaluations should serve to build up an institutional memory. Both concerns were very much at the core of development of the evaluation programme.

304. To the several delegations who had expressed reservations, she pointed out that the programme had been developed as a direct response to the Council's requests in the decisions on role and activities and on evaluation taken at the twenty-fourth session and that Governments' views had, in fact, been taken into account in carrying out individual evaluations. She also reiterated the broader and more fundamental nature and purpose of programme evaluations, as distinguished from project evaluation activities, and concurred with members that the studies must be operational in nature, not academic. All studies and the evaluation programme as a whole were being co-ordinated with the agencies to avoid duplication.

305. The Assistant Administrator noted that the individual studies (DP/319/Add.1 (annexes I-III)) were UNDP's first attempt to give the Council evaluations of this type. She shared the view of some representatives that the textile study was weak, pointing out that this evaluation had already been underway with UNIDO before the systematic programme was started, and it seemed best to capitalize on what had been accomplished to avoid waste of resources.

306. She concurred with members who had requested a wide dissemination of the studies to field offices, agencies and Governments in the interest of creating the necessary feedback mechanism. However, she felt that the proposal to circulate the studies to Governments, synthesize their comments, and then distribute the synthesis would create bureaucratic delays, and studies could take as long as two years to be completed. In response to a question on resources needed for evaluation, she said that the programme suffered from staffing constraints more than financial ones. She estimated that what was needed was an allocation of between \$200,000 and \$250,000 per annum and three full-time professional staff members.

307. She thanked members who had supported the need for an over-all assessment of technical co-operation requirements and concurred with them that this could make a contribution to coherence among multilateral, bilateral, technical co-operation and investment sources. Such assessments should be carried out by Governments, with the United Nations system ready to assist only if required. UNDP's role would be to help aggregate the results to reach a global assessment for calculation of the demand for technical co-operation. She assured members that there was no intention to relate such an assessment only to countries at a certain income level. In view of the support given by the Director-General and the Council, UNDP would proceed very cautiously in this area and take full account of the contribution that other organizations might make to such work. Although relatively few speakers had addressed remarks on the high-level consultants service and the proposed clearing house for multisectoral development experience, some support was evident and she would examine what progress could be made.

308. On the question of resources, she noted the statements of members that a

fundamental task of UNDP remains the raising and efficient management of resources. A number of members had opposed further proliferation of funds, and had cited the disturbing effects it had on the flow of resources according to need, on the IPF system, on erosion of the central funding role of UNDP, and on difficulties of co-ordination within the system and with Governments. She noted that to the extent that funds multiplied, the function of co-ordination became more critical.

309. A dichotomy apparent in the debate between the universality of the programme and access to resources by certain groups of countries seemed to her to be more apparent than real. Given the increasing number of countries renouncing their IPFs, universality should not be seen in terms of the IPF system and was an issue to be treated with the traditional adaptability characterizing the development of the Programme. TCDC and cost sharing were important in this regard.

310. The Assistant Administrator appreciated the many kind words which members had addressed on the subject of co-ordination between UNDP and the agencies over the last year. She had noted the statements of members on the sovereign right of Governments to co-ordinate their own development efforts, but saw no contradiction between greater coherence and efficiency in delivering the United Nations programme of co-operation and the primary leadership role which the Government exercised. She concurred with one member that UNDP's proper activity was increasing Governments' capacity to carry out their own programmes, although UNDP could, in certain circumstances, act as a catalyst.

311. She had listened with attention to several interventions which had pointed to a relationship between UNDP's co-ordinating and financing roles and had cautioned that proliferation of funds could lead to diminution in the resident representative's co-ordinating function. The remedy for the situation pointed out by one member, in which the host country and the resident representative were both unaware of significant resources being provided under United Nations auspices, was at the heart of the restructuring decision's provisions for a single country official to oversee United Nations operations and for the use of the country programming process as a frame of reference for resources of the United Nations system as a whole. She thanked members for their expressions of support on both the role of the resident representative and the country programming process in this context. She particularly appreciated the intervention of one member who saw the extension of the country programming process to both multilateral and bilateral sources as a means of enhancing the co-ordinating role of the field offices as well as that of the government focal point. She foresaw an important role for the Inter-Agency Task Force in the expansion and improvement of the country programming process.

312. In closing, she stated that there appeared to be agreement that co-ordination could not be formalistically imposed but must derive spontaneously from the basic multidisciplinary approach to development by the entire system and by an inner consistency in UNDP's role. The wheel, therefore, came round full circle to the statement she had made at the beginning of her reply, namely that UNDP's role was the raising and efficient management of funds. The two aspects were intimately related because, to the extent that UNDP technical co-operation was effective, and shown to be effective, resources would be more easily forthcoming.

Decision of the Governing Council

313. At its 623rd meeting, on 30 June 1978, the Governing Council adopted decision 25/8 on the role and activities of UNDP, the text of which appears in section E of chapter XX of this report.

VII. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 32/197
ON THE RESTRUCTURING OF THE ECONOMIC AND SOCIAL
SECTORS OF THE UNITED NATIONS SYSTEM

314. For consideration of item 7 of its agenda the Council had before it a note by the Administrator (DP/338 and Corr.1) which drew attention to those sections and provisions of the annex to General Assembly resolution 32/197 of direct interest to UNDP and which gave relevant information on the ACC progress report to the Economic and Social Council on the restructuring of the economic and social sectors of the United Nations system. 9/

Introduction by the Administrator

315. In his introductory remarks, the Administrator stressed that the restructuring process initiated by the General Assembly at its thirty-second session provided a welcome opportunity for UNDP to reappraise the direction and emphasis of its activities, strengthen its institutional relationships and co-operative arrangements with other parts of the United Nations system and, through greater coherence of action, increase the impact of its response to the policy and operational objectives set for it by the international community. The restructuring process should thus have to be seen as an integral element of mutual efforts of the United Nations system for the establishment of the new international economic order.

316. He referred to the statement of the Director General for Development and International Economic Co-operation to the Council, who recalled the over-all objectives set out by the General Assembly for the operational activities of the United Nations system. These objectives in the view of the Administrator were fully in line with the priority aims which UNDP and the Governing Council had persistently tried to achieve over the years.

317. This was particularly applicable to the references in the resolution to greater system-wide cohesion, to a more sharply focused country-level responsibility for co-ordination, and expansion of UNDP's country programming mechanism to serve as a frame of reference for other technical co-operation efforts underway in the United Nations system as a whole. In its own 1977 decision on UNDP's role and activities, the Governing Council underscored the "need to ensure an integrated and interdisciplinary approach to operational activities, particularly in the field", stressing the role of the resident representatives as "leading partners within the United Nations system at the country level" and the field-level responsibilities involved in co-ordinating the system's activities.

318. The Administrator pointed out that resolution 32/197, inter alia, called for the streamlining of intergovernmental machinery, achieving optimal efficiency and reducing administrative costs in order to make more resources available for

9/ E/1978/107.

recipient countries. The experiment of holding a single annual session of the Council - with a meeting in January to approve country programmes - in the view of the Administrator was a positive step in line with the restructuring objectives and it should be continued. At the administration level, a number of internal reforms had already been introduced to speed the flow of programme and financial data and to strengthen the Programme's evaluation and planning functions. Also, within the last two years headquarters activities had been reorganized and streamlined.

319. UNDP had been fully aware of its own obligation to provide a more efficient and effective technical co-operation framework at a time when resource constraints continued to beset the development effort as a whole. Despite the limited size of its own financial resources, the Administrator said, UNDP had sought over the years to earn the respect of the development community through its impartiality, integrity, universality and extensive range of field services. UNDP worked as part of a larger development assistance family, and one aspect of its role had been to encourage both a complementarity in the flow of assistance and a common orientation of all resources toward the overriding goal of building self-reliance.

320. The holding of a single pledging conference, in addition to being a practical and cost-saving device, could, according to the Administrator, provide a useful mechanism for presenting to Governments a comprehensive resource picture of all United Nations operational activities for development.

321. Regarding country level arrangements and the proposed designation of a single official who would exercise team leadership for all United Nations inputs to operational activities for development, the Administrator welcomed the suggestion of his colleagues of ACC that the resident representative of UNDP should normally be also designated as the "single official" so long as this was endorsed by the Governing Council.

322. The Administrator reiterated that in his view many of the issues in which the Governing Council had for a long time taken a special interest would be resolved in the restructuring process, and that the country programming process, the impetus for increased coherence, the expansion of UNDP/agency co-ordination, including greater support at the country level, would all be strengthened as a result of General Assembly resolution 32/197.

Summary of the discussion

323. Members addressing themselves to the subject, expressed their appreciation to the Administrator for his note (DP/338 and Corr.1) and his introductory statement. They recognized the distinctive role of UNDP in the United Nations system and welcomed the over-all objectives set out by the General Assembly for the system's operational activities. Members referred especially to improved coherence of action and more effective integration at the country level. The recommendation in the resolution on restructuring in this regard and the expansion of UNDP's country programming process to serve as a frame of reference for all operational activities of the United Nations system were regarded as positive measures. It was mentioned that with the full implementation of such measures more integrated and multidisciplinary approvals could be ensured. A suggestion was also made to ask all resident representatives, in conjunction with the

preparation of their country programmes, to include as many details for non-UNDP projects executed by the specialized agencies, as for UNDP-funded projects.

324. Several members, however, expressed the view that the General Assembly had in its resolution 32/197 not been able to provide clear-cut guidelines on the question of the integration measures to be taken with respect to operational activities, and that the work of the Ad Hoc Committee on the Restructuring of the Economic Sectors of the United Nations System fell short of expectation in this regard. They pointed out, however, that such measures as recommended in the resolution were to be seen only as a first step, and that the General Assembly had reaffirmed its desire to continue the restructuring process.

325. According to some members, since the UNDP Governing Council already had responsibility for several funds, it would be the logical and appropriate place in which to consolidate such other existing operational funds as the International Trade Centre, the United Nations Trust Fund for Development Planning, the United Nations Educational and Training Programme for Southern Africa and the Habitat and Human Settlements Foundation. In the view of some other members, the General Assembly had not foreseen the consolidation of any other existing funds within UNDP, and that future steps in this regard had to be determined only by the General Assembly.

326. Some members noted that anomalies still persisted in the field of development co-operation. In this connexion they referred to the ambivalence which remained with respect to the United Nations as being both the parent body of UNDP as well as its second largest executing agency. They felt that care should be taken not to diminish the authority of the Secretary-General's office nor to impair his impartiality as the Chairman of ACC. They argued, therefore, in favour of divesting the United Nations Secretariat of its operational activities.

327. Measures relating to the Economic and Social Council were well received and supported by members of the Council. The statement of the Administrator that establishment of subject oriented sessions of the Economic and Social Council would permit him and the executive heads to participate more fully in Council's deliberations was generally supported. Some members expressed the hope that the Economic and Social Council would not assume direct responsibility for the functions which were at present performed by the Governing Council for as long as the UNDP remains an operational programme. A central role was foreseen for UNDP in the preparation of material for comprehensive policy reviews by the Economic and Social Council. In so far as those reviews did not deal with particular sectors, it was suggested that UNDP should be the main source of new policy ideas and principal monitor of the implementation of strategies and policies concerning system-wide operational activities.

328. One member expressed her concern about UNDP undertaking multidisciplinary conceptual and evaluation studies leading to new development strategies. In her view, such studies were within the competence of the Department of International Economic and Social Affairs and not UNDP, as confirmed by resolution 32/197. Therefore, she would have liked that a reference had been made to this in paragraph 8 of document DP/338 and Corr.1.

329. The full participation of new member Governments and executing agencies in all debates of the Council and its main committees and working groups, as well as

the practice of the Council to reach decisions by consensus were noted as important characteristics of UNDP. It was suggested that the question of expanding the membership of the Economic and Social Council could possibly be solved if serious consideration were given to these practices of the Governing Council.

330. Members generally supported the measures recommended in the restructuring resolution concerning structures for regional and interregional co-operation. The need to strengthen the relationship between the regional commissions and UNDP was stressed. In this context, the comprehensive decision of the Council taken at its eighteenth session in June 1974 was recollected and the desirability of greater participation of regional commissions in operational activities, including the preparation of intercountry programmes, was emphasized. One delegation praised the appointment of UNDP liaison officers to two regional commissions and recommended that similar action be taken with respect to other commissions.

331. Another member suggested that UNDP resident representatives should not only be involved in the activities of the regional commissions, but also in those of subregional committees and associations. He also stressed the importance of briefing resident representatives on the functions and activities of such subregional entities.

332. The recommendation of holding a single United Nations annual pledging conference was generally welcomed. Hope had been expressed that this will prove to be a stimulus to Governments and actually increase the flow of resources for operational activities in real terms. Members agreed with the Administrator's suggestion that participating Governments be given sufficient advance notification of the Conference so that necessary action could be taken early at the national level in full appreciation of the respective programmes and funds needs.

333. Regarding measures for achieving maximum uniformity in administrative, financial, budgetary, personnel and planning procedures, steps already taken by the Administrator toward a common procurement system and a harmonization of budget and programme cycles were commended (see paras. 533, 554, 555 and 657-674 below). The necessity for bringing about a unified personnel system was stressed, and creation of a system-wide centralized computer file containing information on experts for common recruitment was proposed. Similarly, schemes for providing in-country training to experts and volunteers were suggested.

334. Designation of a single official on behalf of the United Nations system, who should exercise team leadership and have over-all responsibility for co-ordination of operational activities for development carried out at the country level, was regarded as a key instrument for advancing the cause of cohesive and co-ordinated multidisciplinary technical co-operation. The views of ACC that the UNDP resident representatives would normally be so designated and that the designation would be made by the Secretary-General were welcomed. It was stated that this would mark a further step in the evolution of the concept "a United Nations presence". It was urged that, in those cases where a particular sectoral interest was dominant, the individual designated should be brought into UNDP and appointed as the resident representative. The ACC recommendation that the single official not be selected from among the technical personnel already in the country was generally well received. One member said that though he saw good reasons for this, such a measure might be interpreted too restrictively and asked for further clarification.

335. Several questions were raised concerning the modality of designating and the authority and responsibilities of the single official. Reference was made to potential problems which might arise owing to specific assignments that might be given to the single official by the Secretary-General. It was feared by some members that there might be a tendency for this official to be regarded in the country of his assignment more as a political figure than as an economic and technical representative. Also, it was questioned what was meant by ACC in stating that "normally" the UNDP resident representative would be designated as the single official. The view was expressed that the resident representative should always be so designated. Some members asked for clarification in this regard.

336. It was also questioned what the role of the resident representative would be in case the Secretary-General designated another person to carry out the co-ordination responsibilities. Hope was expressed that in the designation of such an official, the Secretary-General would act in close consultation with the Administrator. Attention was also drawn to the administrative and financial aspects of UNDP field offices with respect to non-UNDP activities.

337. Measures recommended in the field of interagency co-ordination -- among others, the merger of the Inter-Agency Consultative Board (IACB) with ACC -- were noted during the discussion. At the same time the suggestion was made that the Administrator should establish flexible and appropriate consultative arrangements with the executing agencies for management purposes. The initiative of the Administrator in establishing an Inter-Agency Task Force at UNDP Headquarters was warmly welcomed. It was suggested that FAO, the only major agency not a member of this task force, join it in the near future.

338. Several delegations supported the Administrator's proposal that UNFPA be invited to participate in the ACC's discussions. Also it was suggested that convenient procedures be worked out with ACC enabling the President of the Governing Council or his designated representative to be associated with ACC's work of particular concern to the Council.

339. A request was made that in the light of the General Assembly's directives concrete steps should be taken to ensure adequate developing country representation at the executive management and other decision-making levels of secretariat structures in the area of operational activities for development.

340. The establishment of the post of the Director-General for Development and International Co-operation was highly commended and hope was expressed that the Director-General would be able to advise the Secretary-General and represent him on a wide range of economic and social development issues.

341. Finally, with respect to further rationalization of the work of the Council, attention was drawn to the recommendation of the Budgetary and Finance Committee on this subject, 10/ and a suggestion was made for better focusing the Council's general debates by subject orientation.

10/ See decision 25/30 in sect. L of chap. XX of this report.

Observations of the administration

342. In his response to the discussion, the Administrator thanked delegations for their valuable comments. He quoted from a letter that he had just written to UNDP resident representatives which called attention to the fact that the whole purpose of the restructuring exercise was to increase the contribution that the United Nations development system could make to support the development efforts of the countries concerned. With respect to the implementation of measures concerning integration of operational activities, he called attention to paragraph 30 of the annex to resolution 32/197 which made it clear that such measures were to be "gradually undertaken" and carried out "under the guidance of the General Assembly and the Economic and Social Council". With respect to the comprehensive roster of personnel, the Administrator reminded members that a specific proposal had been made in document DP/319. Moreover, the administration was continuing discussions with the United Nations Institute for Training and Research and other bodies in in-country training.

343. The Administrator expressed his gratitude to the agencies taking part in the Inter-Agency Task Force at headquarters and the secretariat would try to ensure that all elements of the United Nations system were fully informed of its activities. UNDP would welcome participation by FAO in the work of the Task Force.

344. Tentative steps had already been taken in the direction of joint programming, and it was hoped that more could be done as a result of the restructuring exercise. With respect to the integration and re-enforcement of UNDP country programming system, the Administrator was confident that the agencies would make every endeavour to implement the terms of the restructuring resolution, as long as procedures were flexible.

345. Regarding evaluation studies, the Administrator assured members that whatever study was undertaken by UNDP would be in close co-operation with the Department of International Economic and Social Affairs. Concerning the relations of UNDP with the regional commissions, he pointed out that even though there were liaison officers for two regional commissions, the resident representative in the city hosting other regional commissions was the official liaison officer. The secretariat tried to tailor arrangements to the needs of each commission and would review the arrangements to see whether it was possible to set up separate liaison activities. He endorsed the view that resident representatives should be closely involved in subregional meetings and informed that the secretariat was ensuring that such briefings took place. A number of meetings of resident representatives had been held with subregional associations at their headquarters.

346. On the question of the subsidiary machinery of ACC, the arrangements that the new consultative mechanisms would utilize to take care of the functions currently being carried out by existing interagency bodies had not yet been fully worked out and would be studied by the working group which was to present its recommendations to ACC not later than October 1978. Generally it was envisaged that the new mechanisms would provide the main substantive instruments for recommending to ACC the interagency action best suited to meeting various needs.

347. Concerning the appointment at the country level of a single official who would exercise team leadership, he said that the designation of that official would be made by the Secretary-General of the United Nations. The procedures recommended in that connexion by the United Nations, and endorsed by ACC, provided that the

agreement of the Government concerned on the selection of the official would be sought by the Secretary-General who would sign the letter of accreditation to the country of assignment. That person would be the only official at the country level so accredited by the Secretary-General. Before seeking the agreement of the Government concerned, the Secretary-General would wish to be assured, through appropriate consultations, that the official commanded the confidence of the system as a whole. He would also wish to be assured that any special sectoral interest of the country of assignment had been taken into account; for example, in cases where the country indicated an overriding interest in a single sector, the secondment for that purpose of an agency official, working in the sector of special interest, might be considered, taking into due account the leadership qualities necessary for the assignment. Alternatively, the selection might be made from among UNDP staff having the appropriate agency experience and technical qualifications. The consensus of ACC was that in either case the designated official should not be selected from among the sectoral or technical personnel already serving in the country.

348. It was also the consensus of ACC that the UNDP resident representative would normally be designated as the single official. On all matters connected with the management of the UNDP programme, the official would continue to be directly responsible to the Administrator. However, the over-all responsibility of that person as a designated single official would be to the Secretary-General, to whom that official would also report regarding any specific assignments. He emphasized that the responsibility of the single official designated pursuant to paragraph 34 of the annex to General Assembly resolution 32/197 would extend only to those activities set forth in that paragraph.

349. The Administrator considered there would be no conflict of interest between the different functions to be carried out by the single official. The situation would be closely similar to that which prevailed at present where the resident representative might serve not only as UNDP representative but also as representative of UNEP, UNDRO and the Department of Technical Co-operation for Development. The sole function of the single official would be to act as the team leader for the co-ordination of operational activities. He would not interfere with the lines of authority of field personnel belonging to other organizations.

Decision of the Governing Council

350. At its 620th meeting, on 27 June 1978, the Governing Council adopted decision 25/9 on restructuring, the text of which appears in section F of chapter XX of this report.

VIII. UNITED NATIONS SAHELIAN OFFICE AND DROUGHT-STRICKEN
COUNTRIES IN AFRICA AND ADJACENT AREAS

A. UNITED NATIONS SAHELIAN OFFICE

351. The Director of the United Nations Sahelian Office (UNSO) introduced item 9 and document DP/326 and Corr.1 containing the Secretary-General's report on the implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region. The report provided information on the work of UNSO in connexion with the rehabilitation and development programme of the drought-stricken countries of the Sahel (Cape Verde, Chad, Gambia, Mali, Mauritania, Niger, Senegal, and Upper Volta) and their regional organization, the Permanent Interstate Committee for Drought Control in the Sahel (CILSS). The document contained information on the proposal to the Governing Council of the United Nations Environment Programme (UNEP) by that organization's Executive Director to designate UNSO as the mechanism to co-ordinate United Nations efforts to assist the 15 countries of the Sudano-Sahelian region (United Republic of Cameroon, Cape Verde, Chad, Ethiopia, Gambia, Kenya, Mali, Mauritania, Niger, Nigeria, Senegal, Somalia, Sudan, Uganda and Upper Volta) in the implementation of the Plan of Action to Combat Desertification.

352. The Director of UNSO, described the objectives of UNSO and the implementation of priority projects related to those objectives. He also described its accomplishments in the mobilization of resources as well as its working relationships and methods. The projects, for which assistance had been requested, had increased from 90 priority projects last year, with an over-all requirement of \$400 million, to 106 projects (24 regional, 82 national) requiring over \$482 million. Of this latter sum, \$274 million had been mobilized, bilaterally or multilaterally or by contributions to the United Nations Trust Fund for Sudano-Sahelian Activities. Of the \$274 million, the Trust Fund had provided \$44 million for 39 priority projects of which 13 had been completed and 26 were being implemented, by the concerned government services or by the relevant executing agencies of the United Nations system. During 1977, UNSO's efforts emphasized project implementation and, consequently, the Trust Fund showed expenditures and unliquidated obligations for project implementation of over \$22 million. This contrasted with \$834,000 for the previous year.

353. Regarding working relationships and methods, the UNSO Director referred to document DP/326 and Corr.1 citing the emphasis given to the strengthening of national capabilities and engaging national services in direct implementation of projects under a system of full fiscal accountability. He pointed out that the mechanism offered by UNSO had achieved excellent multi-bi co-operation.

354. The Director of UNSO also referred to the 22 May 1978 decision of the UNEP Governing Council opting for the designation of UNSO, in addition to its present responsibilities, as the focal point for the co-ordination of United Nations efforts to assist in the implementation of the General Assembly's Plan of Action to Combat Desertification in the 15 countries of the Sudano-Sahelian countries, south of the Sahara and north of the equator. The UNEP Governing Council

decision invited the UNDP Governing Council to consider favourably this proposal. In this context the organization and functions of UNSO, including its regional office in Ouagadougou, would be expanded into a joint UNDP/UNEP venture. Preliminary discussions had been held on this matter and some guidelines formulated.

355. The Director of UNSO affirmed that his Office would continue to assist the Sahelian countries in their rehabilitation and development programmes. Subject to the decision of the Council, UNSO could undertake the additional important task of assisting the 15 countries of the Sudano-Sahelian region in the implementation of the Plan of Action to Combat Desertification.

Summary of the discussion

356. Members of the Council, referring to document DP/326 and Corr.1 and the statement of the Director of UNSO, expressed appreciation for the information and clarity of both the report and the statement which were regarded as complementary. Repeated recognition of the achievements of UNSO in assisting the Sahelian countries was also expressed. The entire staff of UNSO was thanked for its untiring efforts on behalf of the Sahelian countries and their peoples. Several speakers mentioned the recent meeting of Alhaji Sir Dawda Ka.Jawara, President of the Republic of the Gambia and present Chairman of the CILSS Heads of State Conference, with the Secretary-General, at which the Chairman requested the continued support of the United Nations system, through UNSO, for the Sahelian countries.

357. Unanimous support was given to the proposal that UNSO be designated the mechanism for the co-ordination of United Nations efforts to assist the 15 countries of the Sudano-Sahelian region in the implementation of the Plan of Action to Combat Desertification. In this connexion, it was also agreed that the organization and functions of UNSO should be enlarged to become a joint UNDP/UNEP venture. Strong endorsement was given to UNSO as being especially qualified to serve as the United Nations mechanism, by reason of its organization, work methods, contacts and experience and because it could be immediately operational. An additional advantage derived from the fact that no new body with its consequent overhead costs would have to be established. A representative of a member State of CILSS said that the Sahelian countries were looking forward to the expansion of UNSO into a joint UNDP/UNEP venture to combat desertification. Other representatives of the Sahelian countries echoed this sentiment and expressed the wish that adequate financial and technical means be put at the disposal of UNSO for this purpose.

Observations of the administration

358. In response to an enquiry on project evaluation and financing, the Director of UNSO observed that the nature of document DP/326 and Corr.1, as the report of the Secretary-General to the General Assembly, would be changed if it included detailed data on project evaluation and finances. The report provided summary over-all information on projects and cited the level of investment in the financing of projects. Further details on financing were available to the Council in the annual financial statement of UNDP.

B. ASSISTANCE TO DROUGHT-STRICKEN AREAS OF AFRICA AND ADJACENT AREAS

359. The Assistant Administrator and Regional Director for Africa presented document DP/339 on the drought situation in Africa and adjacent areas. He also brought to the attention of the Council recent developments in the situation. With respect to Ethiopia, the Assistant Administrator stated that contrary to the impression given in document DP/339, evidence was accumulating that another emergency due to drought was in store for that country.

360. Regarding Somalia, the Assistant Administrator expressed the hope that a UNDP-sponsored programming mission composed of representatives of all United Nations agencies could be fielded to assist the Government in the formulation of long-term integrated policies and plans for the nomadic settlement programme.

361. The Assistant Administrator discussed the requirements to meet the food shortage arising out of the current drought in the member States of CILSS. The food needs of the eight Sahelian countries had been estimated at 580,900 tons, of which 124,000 represented buffer stocks for land-locked countries. Of this total, approximately 430,546 tons had already been furnished. The World Food Programme (WFP) estimated that approximately 79 per cent of the pledged food assistance would have arrived at its destination by the end of June. In addition to food aid, transport capability in the form of trucks was also being provided from bilateral sources as well as from WFP.

362. The Assistant Administrator gave an account of the work of the Club of the Sahel which, with the CILSS secretariat, was co-ordinating the efforts of several working groups planning sectoral strategies and identifying First Generation Projects. He also informed the Council about UNDP activities concerning locust control. During the 1972-76 cycle total UNDP expenditures for such activities amounted to nearly \$2.5 million; for the 1977-1981 cycle nearly \$2 million had been programmed. UNDP assistance with FAO as executive agency, was directed to three regional locust control organizations: Organisation internationale contre le criquet migrateur africain (OICMA); Organisation commune de lutte antiacridienne et de lutte antiaviaire (OCLALAV); and the International Red Locust Control Organization for Central and Southern Africa (IRLCO-CSA). The Assistant Administrator expressed the hope that other donors would join in providing assistance which was essential to the success of the activities of these organizations.

Summary of the discussion

363. All members speaking on this subject expressed their thanks for the report contained in document DP/339 and for the statement of the Assistant Administrator. One delegation observed that document DP/339 represented an improvement over the previous year's report. The same speaker wondered, however, whether documents DP/339 and DP/326 and Corr.1 could be combined.

364. Several members expressed the wish to see UNDP implement the relevant provision of resolution 3054 (XXVIII) by which the General Assembly had requested that countries of the Sudano-Sahelian region which were victims of the drought be granted the advantages benefiting the least developed countries as long as these countries bore the consequences of the drought.

365. A few members expressed the belief that the normal procedure for designating least developed countries (LDCs) should be followed before any country could derive the benefits of such designation.

Observations of the administration

366. The Assistant Administrator offered clarification on two points. As to whether there should be two reports on the agenda item, this was a necessary consequence of the requirements of the General Assembly regarding these matters. Concerning the matter of special benefits for countries suffering from drought, it should be noted that these countries were not seeking LDC designation, but only to receive the same benefits accorded the LDCs until they were relieved of the consequences of drought.

367. At its 620th meeting, on 27 June 1978, the Governing Council adopted decisions 25/10 and 25/11, the texts of which appear in section G of chapter XX of this report.

IX. UNITED NATIONS VOLUNTEERS

368. For consideration of item 10 of its agenda, the Council had before it a report by the Administrator on the United Nations Volunteers (DP/330 and Corr.1).

369. In his introduction, the Administrator of UNDP expressed his satisfaction with the achievements of the UNV programme during the past year. He observed that since the appointment of its new Co-ordinator a year ago, the programme, which had been lagging, had experienced dynamic growth, thus pointing to fulfilment of the initial hopes for UNV.

370. In his introductory statement, the Co-ordinator of UNV reported that the number of United Nations Volunteers had grown from 280 a year ago to 340 by the end of May 1978. These volunteers were serving in over 56 countries and represented more than 45 developed and developing countries. The Co-ordinator added that on the basis of present requests he foresaw 400 volunteers in the field by December 1978, and 500 by December 1979. He expressed his appreciation to those delegations which had shown support for UNV and thanked the Government of Iran for its contribution to the voluntary fund of US \$50,000 for 1978.

371. The Co-ordinator noted that during his first year he had travelled extensively. He had visited 40 countries in order to explain to Governments, resident representatives, agency staff, and bilateral volunteer organizations the contributions UNV could offer developing countries by providing an efficient and relevant response to specific development needs. This exercise had resulted in increasing requests for volunteers, and he intended to visit additional countries where UNV's involvement in development programmes would be beneficial.

372. Referring to document DP/330 and Corr.1, the Co-ordinator described the results of the Council's decision of June 1977 to fund all in-country costs of volunteers from country IPFs. Although this decision had inhibited the programme's growth to a large extent in LDCs and newly independent countries, more than half of all UNVs were now financed from IPFs. He expressed the hope, however, that the Council would leave open the possibility of developing new sources for financing UNV activities.

373. Noting that the number of new requests for UNVs in other developing countries had increased markedly, the Co-ordinator said that this increase would have an implication for recruitment of UNVs. In keeping with UNV's principle of universality, more than half of all volunteers came from developing countries - a practical articulation of the TCDC concept. Certain difficulties were experienced, however, in recruiting volunteers from industrialized countries. In these countries recruitment is done through the intermediary of bilateral volunteer organizations which gave priority to fielding volunteers for their own programmes. The Co-ordinator suggested that members of the Council might wish to encourage sponsoring organizations to play a more active role in recruiting their nationals for service with UNV. In this connexion, UNV would review the over-all recruitment arrangements and would report on them to the Council at an appropriate time. The Council might wish, however, to consider the question of providing UNV

with recruitment autonomy in industrialized countries. In the meantime, in order to ensure more prompt recruitment and better candidates, UNV had completed a list of available candidatures which would be issued periodically to existing and potential users.

374. The Co-ordinator referred to UNV's activities supporting youth and domestic development services in Asia, Latin America and Africa, described in document DP/330 and Corr.1. The programme's role in this field, which constituted a new dimension to UNV's programme was formally endorsed under the terms of General Assembly resolutions 31/131 and 31/166 of 16 and 21 December 1976.

375. In closing, the Co-ordinator observed that the decision taken by the Council at its twenty-fourth session (E/60/3/Per.1, para. 188) to fund UNVs from IPFs presented UNV with an enormous challenge. He was grateful to the Council for making it possible for UNV to carry out the change to IPF funding gradually, over a period ending in 1981. An additional constraint, he added, was caused by the expansion of the programme into areas where it was often impossible to secure IPF funding and where Governments have had to pay for UNVs from their own resources.

Summary of discussion

376. Members expressed their appreciation for the report by the Administrator (DP/330 and Corr.1) and for the introductory statement by the Co-ordinator.

377. Many members expressed satisfaction at the growing level of UNV activity which had developed during the past year. They also were pleased to note that the total number of serving United Nations volunteers had increased and that recruitment from developing countries had been growing. This was regarded as an example of applied TCDC.

378. There was general acknowledgement that UNV, as a supplier of vital, middle-level expertise at low cost, strengthened the aims of UNDP and should receive the Council's strong support. It was observed that the programme had improved its ability to meet specific, urgent and often unusual local needs in a relatively short time. Several members called for an expanded role for UNV to enable it to fulfil its potential for development co-operation. A number of members referred to the valuable work being performed by UNVs in the members' own countries. One member felt that it would be useful to have a sectoral breakdown of the activities of the volunteers' activities which could be included in the report for the next session of the Governing Council.

379. Members differed in their reactions to the present arrangement for financing UNV operations. Although several members supported the continued funding of in-country costs for all volunteers from country IPFs and were encouraged by UNVs progress in this area, other members expressed concern that continued IPF funding might hinder the programme's growth. One member who supported IPF funding referred to the Governing Council's authorization last year of the use of special funds for financing in-country costs for volunteers in LDCs and newly independent countries at a declining rate until 1 January 1982. This target date, he said, should be adhered to, and he requested from UNV a comparative review of the financing of UNVs over the past few years, particularly for those in LDCs, from

IPFs, host government funds, third-party funds or from the Special Voluntary Fund (SVF). Other members felt that UNV should be integrated to the maximum extent with other UNDP activities and that consequently their in-country costs should be charged to IPFs as are other UNDP-financed inputs.

380. Among those who questioned the value of funding volunteers from IPFs, one member stressed that such a requirement posed a constraint on the programme. To assure the universality of the UNV programme, he asked that last year's decision be reviewed and options for funding be examined. Furthermore, he proposed that "multilateral-bilateral" or funds-in-trust donors be urged to ensure that the specialized agencies use UNVs in their projects. This, he said, would double the use of United Nations Volunteers and would provide volunteers who were not charged against the countries' IPFs. Another member, emphasizing the importance of UNV's role in LDCs, said that the IPF funding requirement in LDCs had resulted in a number of requests for volunteers being turned down; to reverse this trend, funds for volunteers in LDCs should come from the SVF. Yet another member observed that although a fixed amount of IPF could be used for UNVs, the objective of the volunteer programme should be seen as an addition to IPF-funded co-operation. In many cases, he added, IPFs finance long-term development programmes, and it is often impossible to foresee the availability of certain relevant volunteer skills for inclusion in a development plan. In the case of government contributions towards funding volunteers, the point was made that these funds-in-trust should not exceed the total salary expenses that the Government would normally have paid to nationals occupying the post in question.

381. A number of members referred to the view expressed in the Administrator's report that the growth of the UNV programme was affected by the availability of free co-operation under bilateral volunteer and Associate Expert programmes. It was believed by certain members that such resources should be viewed as complementary to the UNV programme, since they belonged to a different category of aid. Such co-operation, it was claimed, did not function as near the grass roots level as did that of the volunteers, and both Associate Expert and bilateral volunteers tended not to be placed in LDCs.

382. Referring to UNV's collaboration with national volunteer-sponsoring organizations, some Council members confirmed that organizations in their countries would continue to support the programme in recruiting and sponsoring candidates for UNV service. One member cautioned, however, that care was necessary to ensure that volunteers did not fill jobs for which suitably qualified nationals were available. Observing that in many cases volunteer-sponsoring organizations gave priority to their national programmes, another member urged industrialized countries to remove the constraints placed upon UNV in recruiting volunteers in the developed world. In this context he suggested that UNV be allowed to recruit qualified volunteers on its own initiative without formal approval by volunteer organizations. In this way UNV would be able to supply volunteers to meet the anticipated increasing demand.

383. Members welcomed the recently initiated activities of UNV in the field of assisting youth and domestic development service programmes (DDS). The regional project in Latin America on promotion of youth participation in development was cited as a step in the right direction of involving young people in programmes of international co-operation. It was suggested by one member that the project be used as a model for additional programmes to improve contacts among youth

organizations on a larger scale. Another member expressed the view that UNV should also be involved in co-operative movements and cottage industries, particularly in rural areas.

384. The view was also advanced that while UNV's participation in youth and DDS programmes was an important step, UNV was required to carry out projects in this field from the resources of the SVF. Unfortunately, the Fund had not expanded sufficiently to meet existing needs. He proposed, however, that UNV increase its efforts to create new DDS programmes in response to countries' requests, and that it send volunteers to help establish these services. Yet another, in proposing greater UNV involvement in the field of domestic youth and development services, inquired whether future projects in this field would be limited to government agencies or would include direct participation of non-governmental DDS organizations.

385. There was strong support expressed for increased contributions to the UNV's SVF which financed external costs of volunteers recruited from developing countries and was the only source of funds for UNV support of youth activities and DDS.

386. During the discussion several members announced their countries' contributions to the SVF. The Federal Republic of Germany pledged \$142,000 for 1978 and Canada contributed \$125,000, a 25 per cent increase over last year's contribution. The United States had asked Congress for funds which in 1979 would double its previous contribution. The Netherlands had contributed \$200,000 for 1978.

Observation of the administration

387. The Co-ordinator thanked members for their expressions of support for UNV and pledged his commitment to expanding the programme's activities along the lines foreseen by the Council. He stressed that the primary criterion in the selection of UNVs was their "relevance" to the activities in which they were involved. He stated that UNV would report to the Council in 1979 on the effects of IPF financing and on the question of recruitment. He also looked forward to strengthened recruitment from developing countries, and in this context expressed his gratitude to those members who had offered co-operation in this endeavour.

Decision of the Governing Council

388. At its 616th meeting, on 23 June 1978 and at its 623rd meeting on 30 June 1978, the Governing Council adopted decision 25.12, the text of which appears in section H of chapter XX of this report.

X. UNITED NATIONS CAPITAL DEVELOPMENT FUND

389. Under item 11 of the agenda the Council had before it the annual report of the Administrator on the Fund for 1977 (DP/305 and DP/305/ANNEX I and II). Document DP/305/ANNEX I included the following sections: A. Summary of proposed projects; B. Summary of projects approved since 1970; C. Design sheets for projects approved in 1977. Document DP/305/ANNEX II included the following sections: A. Data on projects approved in 1975 and earlier; and, B. Development as perceived by bushmen of Botswana.

Introduction by the Administrator and the Executive Secretary

390. In a brief statement, the Administrator expressed his enthusiasm for the work of UNCDF, which had shown such promise a few years ago when its mandate had been revitalized. That promise had more than been fulfilled, and today a dynamic UNCDF was in a unique position to co-operate effectively and swiftly, in particular with the LDCs in terms of their small-scale capital needs. The Fund, he said, deserved increased support from Governments, and he favoured a goal of \$100 million in total cumulative contributions by the end of next year.

391. In introducing discussion on the Fund's work, the Executive Secretary said that UNCDF had now come to a point of operational maturity. There were three stages involved in UNCDF projects: the first, concerned project development; the second, administration and implementation; and the third, benefits stemming from the project. These stages were now being subjected to computerized assessment to ascribe the success, or lack thereof, of projects to common elements. The initial findings indicated that successful projects tended to be small, self-contained and heavily reliant on community self-help efforts. Projects which had been delayed tended to have low infrastructural support, being located in remote areas with poor logistical backup. Projects associated with larger, traditional capital assistance took more time to complete, while a few problem projects showed either faulty design or were subject to force majeure. The intention was to strengthen this kind of evaluation over the coming year.

392. At this session of the Council, he said, there were two issues to be dealt with. The first was the Fund's under-utilized capacity, i.e. its ability to commit \$50 million in resources annually, as contrasted to its current level of \$20 million. The Fund, in this respect, had already totally committed its available resources for the current year. Second, there was the issue of changing the basis for funding CDF projects from the current full-funding approach, in which full costs were set aside at the time of project approval, to a cash flow funding method by which cash requirements for all projects would be met as needs arose over their two-to-three-year life-span. This latter funding basis, the Executive Secretary said, would serve to accelerate the approval rate for projects, to reduce idle bank balances and to spread the Fund's resources more evenly and effectively. The shift to cash flow funding had certain risks in that cash flows would have to be carefully monitored to assure available funds at all times and circumstances. This would require, first, a computerized monitoring system to

track spending and reduce the risk of cash problems; and, second, a considerably expanded operational reserve over and above the existing level of \$4.2 million.

Summary of discussion

393. Many members warmly congratulated the Administrator and the Executive Secretary for the excellent record of performance of UNCDF to date, and for the concise and informative documentation provided. It was a unique fund aimed at achieving direct results among the poorest sectors in LDCs, using appropriate technologies and working closely with UNDP-supported technical co-operation to achieve its worthy goals. Some members noted that the Fund represented an important mechanism for meeting the basic needs of the world's deprived peoples, as well, and one member stressed its effective work in the Sahelian region of West Africa. One member stressed that not only the formal request but the very initiative to undertake a project must stem from the recipient Government.

394. Some members also praised the evaluation mechanism being used by the Fund, and its low level of operating costs. One member expressed dissatisfaction, however, with the fact that the Fund was not yet operating in any newly independent countries, where needs were so great. Another member requested more detailed information about the project pipeline and about plans for its considerable expansion. Still another member inquired why, if the Fund had the capability to manage \$50 million annual pipeline, two new Professional posts had been requested in the administrative budget.

395. Virtually all members speaking on this item agreed that a shift to a cash flow basis of funding for CDF was desirable. It would provide added flexibility and unfreeze large sums currently tied up by the full funding mechanism. Many cautioned, however, that adequate financial control mechanisms would have to be developed, and they awaited the Administrator's specific proposals in this regard which would be presented at the next session.

396. Other members stressed that cash flow funding presupposed a certain regularity of revenue. While that regularity appeared to exist and the Fund was attracting new donors, its base of support was still somewhat narrow. Some members urged increased contributions in this connexion, and one developing country member announced his Government's intention to make a fresh contribution of \$500,000 in a fully convertible currency. It was generally agreed that the Fund's current rate of resource expansion (11 per cent) was far from adequate to its needs. One member urged that the Fund, in its future operations, work closely with the Centre on Human Settlements (Habitat) in Nairobi. This member also suggested that a more appropriate name might be found for the Fund at this point, one which would stress its concentration on light capital technology. He suggested, too, that the time had come for the Fund to assume full responsibility for its own administrative costs and perhaps even to reimburse UNDP for work done on the Fund's behalf at the operational level.

Response by the Executive Secretary

397. Responding to the points made by the members, the Executive Secretary thanked

them for their encouragement, especially the tributes paid by developing country representatives. He thanked members who had pledged increased financial support for the Fund, noting very clearly that 60 developing countries stood in the ranks of contributors together with only seven developed country donors. Regarding co-operation with newly independent States, a decision of the Council required that the Fund concentrate its efforts first and foremost among the 30 LDCs, and its \$20 million in annual resources were already spread quite thin. He also noted that the technical co-operation component of the Fund's projects was higher than was the case with traditional capital co-operative support.

398. The Executive Secretary thanked the members for their support on the shift to a cash flow funding basis and assured them not only that the specific proposals would take full account of their concern for financial control but also that the shift to cash flow funding would not affect the design of projects or the essential simplicity of the Fund's approach. He added that the Fund had requested two additional Professional posts to accommodate two excellent Junior Professional Officers already working for the Fund, whose capabilities would otherwise be lost with the expiration of their terms. His view as to how the administrative costs of the Fund should be borne was neutral, although any reimbursement to UNDP for administrative costs would have to be approved by the Economic and Social Council and the General Assembly. He welcomed the suggestion for close co-operation with the Habitat Centre, noting a number of housing projects being supported by the Fund at the moment. As to the name of the Fund, certainly it could be improved and he welcomed whatever suggestions members might wish to make for consideration by the Economic and Social Council and the General Assembly.

Decision of the Governing Council

399. At its 616th meeting, on 23 June 1978, the Governing Council adopted decision 25/13, on the United Nations Capital Development Fund, the text of which appears in section I of chapter XX of this report.

XI. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

400. For its consideration of agenda item 12, the Council had before it the annual report of the Administrator on the Fund (DP/312), as well as proposals for the projects Mineral Exploration in Selected Areas of Afghanistan (DP/313), and Precious Metals Exploration in Eastern Liberia (DP/314 and Corr.1).

Introduction by the administration

401. The Assistant Administrator, Bureau for Special Activities, introduced the item by pointing out that the Fund constituted a new experiment which UNDP was finding to be somewhat complicated and slow-moving in its initial stages. More time was needed to assess the Fund's operational experience, and the Administrator intended to monitor progress closely over the next year. While a major review of the Fund's mandate and experience had originally been foreseen for 1979, he felt that policies and procedures needed re-examination and he wanted to accumulate sufficient experience before bringing specific recommendations before the Council.

402. The Assistant Administrator drew the Council's attention to the principles upon which the Fund had been established, which were contained in paragraph 1 of Economic and Social Council resolution 1762 (LIV), noting in particular the provision for appointment of the Director of the Fund for a three-year period. The term of appointment of the present Director had now elapsed. He noted that while the Fund had experienced handicaps, the determined efforts of its Director had enabled the Fund to become operational under difficult circumstances. The Administrator, therefore, was recommending that the Council confirm the reappointment of the present Director.

403. The Director then presented an overview of the Fund's operations as well as the constraints which had hampered its activities. He outlined the Fund's project preparation and appraisal process, activities with which the Fund had had the most experience to date, and underscored the attempts made to familiarize Governments with the Fund's procedures and criteria. Many Governments, he noted, appeared unwilling to accept the modalities specified in the Fund's mandate, and it was necessary to have the co-operating Government's concurrence on these before proceeding to the evaluation phase. Sometimes the negotiation process was lengthy, and project evaluation and preparation took from approximately four months to over a year. Given that signing of the Project Agreement could require an additional three to six months, the process from project conception to implementation could take up to two years. In evaluating the Fund's progress the Council should take account of this long time-lag and of the fact that, since it began full-scale operations in mid-1975, almost 30 per cent of the time of the Fund's staff had been devoted to pre-project activities.

404. The Director stated that the present mandated scope of activities, which permitted the Fund to operate at an average annual expenditure level of about \$10 million, was unsatisfactory. He drew the attention of the Council to General Assembly resolution 32/176 which underlined the need for increasing

resources to the Fund and which called for a report covering, inter alia, an estimate of financial requirements for natural resources exploration for the next 10 to 15 years as well as an examination of multilateral financing for activities in this field. The Fund was co-operating with the Inter-Governmental Group of Experts appointed by the Secretary-General in connexion with the preparation of that report.

405. The Director then listed the major problems encountered so far by the Fund. While it had been possible to proceed with all projects which met the Fund's criteria, additional funds were needed if the Fund's resources were not to be exhausted in the relatively near future. He expected that a plateau would be reached in the Fund's activities, given the small number of developing countries which had the necessary potential and accepted the modalities of the Fund. A project pipeline would necessarily have to be limited to these countries.

406. Economic and Social Council resolution 1762 (LIV) provided for an in-depth review of the Fund's activities after four years of operations. Since only two projects would have been completed and eight to ten would be in operation at that time, the Administrator was proposing that the review be deferred until 1981. The Director then briefly outlined the two project proposals being presented at this session of the Council.

407. In conclusion he noted that in spite of the various problems which the Fund had encountered there was, none the less, ground for satisfaction in the progress achieved. He recalled earlier discussions in which it had been pointed out that the revolving element would only take effect in 15 to 20 years, and noted that the Fund was still a long way from that stage. He felt, however, that by 1981 sufficient experience would have been gained to identify the changes necessary to make the Fund a more effective instrument for development.

Summary of discussion

408. Members were unanimous in confirming the reappointment of the Director. Several members detailed reasons for their continuing support of the Fund; among them: the long-term nature of returns of natural resources exploration activities which made Governments reluctant to allocate IPF resources to them; the difficulty of obtaining high-risk capital; the innovative nature of the Fund's concept of shared risk; the educative aspect of the Fund's operations; the Fund's role in creating mutual self-reliance among developing countries; and the replenishment aspect which provided a framework for promotion of the interests of developing countries as a whole.

409. One member felt it might be useful to examine more thoroughly the constraints experienced so far, since the Fund's problems might be conceptual in nature and might therefore usefully benefit from an amplification of the Fund's mandate. He suggested that a more thorough interim report might be useful in 1979. Other members felt that any rethinking of the mandate of the Fund would be premature at this time and endorsed its current orientation including its concentration on solid minerals, its operation on the principle of full funding of projects, and its non-involvement in feasibility studies. Regarding the revolving nature of the Fund, one member stated that, while she found the time-span of 15 to 20 years disturbing, she could nevertheless not endorse any proposal to reconsider the

Fund's revolving nature since this would oblige countries to fall back for the use of their IPFs in the difficult field of mineral exploration. It was suggested that arrangements might be made with regional development banks for feasibility activities. Two members felt that there was a lack of understanding of the nature and role of the Fund, and another member spoke specifically in support of the suggestion in document DP/312 that a project approval could be cancelled if no project agreement were signed within nine months.

410. Two members questioned the advisability of recruiting technical staff for the secretariat of the Fund, pointing out that overhead costs must be kept to a minimum. Using the staff of UNDP, the World Bank and the United Nations Centre for Natural Resources, Energy and Transport had not only proven adequate in the past but had also served to enhance co-ordination of activities in the United Nations system in this important area. One member noted that administrative costs as a percentage of project costs had been appropriate at the start-up stage but were too high for present operations.

411. Most members concurred with the Administrator's proposal that a full-scale review of the Fund's activities might be more appropriate in 1981 after more experience had been gained. Members generally felt that given the long time-lag in operations as explained by the Director, an interim report in 1979 would be premature. It was pointed out as well that the indication of over-all demand for financing natural resources exploration, as provided for in General Assembly resolution 32/176, could be incorporated in the 1981 review.

412. Several members felt that future reports on the Fund's activities should include a list of contributing Governments and the amounts pledged. One member also noted that a better perspective could be gained on the operations of the Fund if these reports contained information on findings and follow-up.

413. Most members supported the approval of the two projects presented at this session. One member expressed reservations on the projects, noting that many of the activities were more appropriate to a broad geological survey, but later indicated that further explanations enabled him to concur.

Observations of the administration

414. The Director stated that, while the Fund's overhead might appear high in relation to operational activities, most of headquarters' expenditures had been spent to identify, screen and negotiate projects; he cited statistics on the number of projects processed over the last three years. With an increasing number of projects to be implemented, the Fund needed increased technical expertise which the United Nations could not supply without adding to its own staff. It therefore seemed preferable that the staff be provided for under the Fund, which would then have a more direct control over the projects.

415. Responding to one member's reservations on the two proposed projects, the Director emphasized the considerable time and cost which had been necessary to bring them to the present stage. In both cases the geology was favourable, the Fund had identified encouraging prospects, and the areas, because of their inaccessibility, were relatively unexplored. In his judgement, the two projects had sufficient potential to justify further examination.

416. In response to questions on partial funding, he pointed out that financing under the Revolving Fund differed from other forms of financing, in that the original allocation was not necessarily fully expended. Projects which did not have positive findings during the minimum work phase were terminated; consequently, full-funding could produce a situation of over-funding. He closed his statement by reassuring one member that the Fund did assist Governments with investment follow-up and was currently working with one co-operating Government to encourage such follow-up to a project.

Decision of the Governing Council

417. At its 617th meeting on 26 June 1978, the Governing Council adopted decision 25/14, on the United Nations Revolving Fund for Natural Resources Exploration, the text of which appears in section J of chapter XX of this report.

XII. UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

418. Under item 13 of its agenda, the Council had before it for consideration a report by the Administrator concerning the United Nations Special Fund for Land-locked Developing Countries (DP/328). Introducing the item, the Assistant Administrator, Bureau for Programme Policy and Evaluation, referred briefly to the background to the Fund's establishment, and to General Assembly resolution 32/113 which requested the Administrator, in consultation with the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), to propose to the Council interim arrangements to carry out the aims and purposes of the Fund.

419. The proposed interim arrangements took into account the limited resources available to the Fund, but the Assistant Administrator assured the Council that the proposals should not be regarded as in any way limiting the policies or activities to be undertaken by the Fund as its resources increased. In the meantime, it was proposed that the Fund should concern itself essentially with technical co-operation activities, including feasibility and pre-feasibility studies. These studies would be carried out with a view to building up a pipeline of potential projects which could be financed either from the Fund, when resources became available, or from other sources. With regard to the operation of the Fund during the interim period, the Assistant Administrator said that it was being proposed that UNDP procedures for the identification, formulation, appraisal, approval and monitoring of projects be used. It was also proposed that the Administrator be delegated responsibility for the approval of projects and that the Administrator report to the Council on the actions that he had taken in this respect.

420. The Assistant Administrator informed the Council of the administration's continuing discussions with Governments and UNCTAD regarding possible projects to be financed from the Fund, pointing out that she had recently had discussions on this subject in two of the land-locked countries. She emphasized the preliminary nature of the illustrative proposals contained in document DP/328, and pointed out that there was no shortage of projects which could be financed from the Fund once it became operational. The Assistant Administrator closed her remarks by appealing for financial contributions to the Fund, informing members that its second pledging conference would be held as a part of the single pledging conference for all United Nations system operational activities.

Summary of discussion

421. The Director of UNCTAD's Special Programme for Least Developed, Land-locked and Island Developing Countries traced the evolution of the Fund and expressed pleasure that it had reached the operational stage. He enumerated the many reasons why the land-locked were among the poorest developing countries, noting that 15 of the 19 land-locked countries were also classified as least developed. In particular, UNCTAD's work had recently shown the very substantial transit costs occasioned by high mark-ups between ports and the main economic centres of land-locked countries.

422. UNCTAD resolutions 63 (III) and 98 (IV) had urged the international community

to develop appropriate programmes for assisting land-locked developing countries. Expert groups at UNCTAD had developed an "integrated planning approach" to transit-transport problems, the key elements of which were: (a) full co-operation between land-locked countries and their neighbours; (b) improved practices and investments both in land-locked and transit countries to reduce the cost of market access; (c) catalytic international assistance taking into account the anomaly that costs may be incurred in transit countries while benefits accrued primarily to a land-locked country; (d) comparison of all aspects of the transit-transport problem, focusing on their interrelations as alternative or complementary ways of reducing transit costs; (e) providing land-locked countries with alternative routes where feasible; (f) providing planners with information on all options through costing studies.

423. UNCTAD and UNDP were already undertaking two projects in this domain. UNCTAD attached importance to rapid implementation of basic costing and planning studies for each of the five subregions of land-locked countries and looked to UNDP for financing. These studies were expected to identify specific project proposals for financing by the Fund. Given the Fund's limited resources, he felt that UNDP should strengthen its regular activities assisting land-locked countries; activities undertaken with the Fund's resources would be in addition to, and different from, these activities, and would be used for small projects having an immediate impact on the improvement of transit facilities, as well as low-cost feasibility and pre-feasibility studies. Since major capital investments would be required, it was important for the Fund to have sufficient resources to provide seed money to attract the broader international support needed. In closing, he appealed to all members to contribute to the Fund and ensured them of continued close collaboration with UNDP.

424. Members who spoke on this item expressed their support for the Fund and encouraged Governments to contribute to it. A number of members referred to the particular problems faced by the land-locked countries and expressed the view that their land-locked condition was an obstacle to their development. One member pointed out that the difficulties created by being land-locked were complex and could not necessarily be solved by the countries themselves because they related to factors outside their national boundaries. The focus of action would therefore have to be in the neighbouring countries and this member recommended that UNCTAD should assist the land-locked countries in their trade negotiations with their neighbours.

425. One member informed the Council of the difficulties which his country had encountered as a result of an interruption in the flow of petrol to his country. Other members provided information on the actions they had taken and the assistance they had provided bilaterally to alleviate the trade and transit difficulties of their land-locked neighbours. One member drew attention to the free zones and the transport linkages, both completed and proposed, for two neighbouring land-locked countries. Another member referred to the bilateral transit agreement between his country and a neighbouring land-locked country which covered, inter alia, transit routes and preferential freight rates. While welcoming the commencement of the Fund's operations, this member urged the Administrator to take into account these bilateral arrangements in determining the activities to be undertaken by the Fund.

426. The proposals contained in document DP/328 were generally endorsed. One member asked whether the activities to be financed by the Fund would involve only technical co-operation or would include financial assistance for studies and whether the

proposals described in the report were merely illustrative or were proposals whose implementation was actually envisaged.

427. Another member drew attention to the fact that only \$670,000 had been contributed to the Fund. He stressed the importance of the Fund to the land-locked developing countries, stating that members of the Council were familiar with the difficulties which these countries faced. With regard to the multiplicity of funds within the United Nations system, he pointed out that each of the funds was for a specific purpose and he expressed the hope that members would be able to contribute to the United Nations Special Fund for Land-locked Developing Countries.

Observations of the administration

428. The Assistant Administrator expressed her appreciation for the support for the Fund voiced in the Council. She also thanked members for the interesting insights provided during the discussion regarding the difficulties faced by the land-locked developing countries and the actions being taken by friendly neighbouring countries to assist them in overcoming those problems. The Assistant Administrator assured the Council that if the proposed delegation of authority for the approval of projects were to be given to the Administrator, it would be used cautiously and in close consultation with UNCTAD.

429. In response to questions posed by two members, the Assistant Administrator informed the Council that the illustrative project proposals contained in document DP/328 arose out of preliminary discussions with Governments, resident representatives and the Regional Bureaux. The proposals were not definitive projects, but were submitted as examples of the types of activities which could be developed and financed by the Fund in its early stages as soon as interim arrangements for the Fund were agreed upon and subject to requests from the Governments concerned. However, there were also further projects in view which could be similarly developed. In appraising projects, the Administrator would certainly take into account existing bilateral facilities.

430. Responding to another question, the Assistant Administrator recalled that the Statute of the Fund allowed for the provision of capital and financial assistance, but that the illustrative project proposals were all in the field of technical co-operation. This was because of the limited resources available to the Fund during its interim phase; but the Assistant Administrator added that, because of optimism over future resource levels, the Council might prefer not to restrict the draft decision to technical co-operation only. The Assistant Administrator closed by thanking those representatives who had appealed for additional resources for the Fund and she expressed the hope that additional resources would be forthcoming.

Decision of the Governing Council

431. At its 621st meeting, on 28 June 1978, the Governing Council adopted decision 25/15, on the United Nations Special Fund for Land-locked Developing Countries, the text of which appears in section K of chapter XX of this report.

XIII. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

A. FINANCIAL OUTLOOK FOR THE SECOND IPF CYCLE, 1977-1981, INCLUDING THE FINAL EXPENDITURES FOR THE FIRST IPF CYCLE, 1972-1976

432. Under agenda item 17 (a), the Committee had for its consideration document DP/336 which contained the final expenditure results for the first IPF cycle 1972-1976, a review of the financial operations for the year 1977, information on several particular financial matters of recurring interest to the Council, estimated resources and programme costs for the financial years 1978 and 1979, and information on the financial outlook for the second IPF cycle, 1977-1981.

433. Introducing this agenda item, the Assistant Administrator, Bureau for Administration, referred to the comments made on these subjects by the Deputy Administrator in his introductory statement to the Committee. He drew the attention of the Committee to the table given in paragraph 4 of the document which showed the final expenditure results for the first IPF cycle, 1972-1976, broken down by geographical region and distinguishing between country, regional and global and interregional IPFs. The table showed that there had been some over-expenditure of regional and country IPFs in Africa and Latin America, but these were more than offset by lags in some national programmes, particularly in Asia and the Pacific, and in Europe, the Mediterranean and the Middle East. The deviations had, however, been relatively minor.

434. UNDP was concerned with the low level of expenditure attained in 1977, but the Assistant Administrator pointed out that, apart from the difficulties of regaining momentum following a period when programme activities had been drastically curtailed, there were sometimes internal conditions within recipient countries which were outside UNDP's control and could cause deviations from plans.

435. With regard to UNDP holdings of accumulated non-convertible currencies, the Assistant Administrator informed the Committee that at the end of April 1978 these holdings amounted to \$43 million which was \$3 million more than at the end of April 1977. As referred to by the Administrator in his opening statement to the Committee, steps were being taken by UNDP which, with the co-operation of the executing agencies, would hopefully lead to a reduction in these accumulated holdings. The Assistant Administrator also referred to the problem raised in paragraph 31 of document DP/336 concerning the unpaid amount of approximately \$1.6 million in local programme costs due from a Government for the years 1973 to 1976. A decision by the Council was required on this.

436. In conclusion, the Assistant Administrator stated that it seemed likely that the trend observed during the first IPF cycle, whereby the level of expenditure was low in the first years and accelerated in the later years, would probably repeat itself in the second IPF cycle, but he expressed the hope that this could occur without the traumatic effects experienced at the end of the first cycle, and that the shortfalls of 1977 and 1978 would be absorbed in the later years of the second cycle in a controlled manner.

Summary of discussion in the Committee

Final expenditure results for the first IPF cycle, 1972-1976

437. Several members expressed satisfaction that the final results for the first IPF cycle 1972-1976 showed that 99.7 per cent of the expenditure targets had been delivered despite the difficulties encountered in 1975-1976 and that the deviations within regions were relatively minor. One member expressed concern over the large over-expenditure in Africa while there was an under-expenditure in Asia and the Pacific. Another member, representing a country where expenditures had fallen far short of its IPF expenditure target, explained that his Government had anticipated that implementation of the country programme would have developed greater momentum in the final years of the first IPF cycle, but that the adverse effects of the financial difficulties that arose in 1975-1976 had prevented this from occurring. He hoped that during the second cycle a continuous and uniform growth in resources to finance country programmes could be achieved.

438. In connexion with the expenditure figures for the first IPF cycle presented in paragraph 4 of document DP/336, one member wanted to know whether or not these figures included the \$52 million expenditures recorded in the expert and fellowship variance account during that period.

Review of the financial operations for the year 1977 and the financial position as at 31 December 1977

439. General concern was expressed at the low level of programme expenditure achieved in 1977 compared with the ceilings established for the year. It was recognized however that this was largely due to the programme cutbacks which had been imposed in 1975-1976 following decisions taken by the Council at that time. Nevertheless, the very large shortfall in actual expenditures in relation to ceilings, resulting in an excessive amount of liquid assets being held at the end of the year, indicated a serious deficiency in the present financial information system and in UNDP's ability to forecast programming expenditures.

440. One member stated that he was extremely concerned with the continued decline in programme expenditures for the second year in succession. He noted from the opening statement of the Deputy Administrator that the administration foresaw a steady rise in delivery during the current year and the next, and agreed with him that rather than making judgements or hasty decisions on the basis of the results of 1977 alone, it would be more prudent to await a more detailed analysis at the mid-year review in 1979. Nevertheless, he was very concerned that not even the direction of the delivery trend had been forecasted correctly in June 1977. He asked what the nature was of the short-comings in UNDP's forecasting mechanism which could permit an error of this size, and hoped that the development of a new financial information system by the Integrated Systems Improvement Project (ISIP) would significantly improve the ability of UNDP to predict its financial situation accurately (see paragraphs 495-525 below). He noted that it had been the poorer recipient countries which were most severely affected by the curtailment of the programme, and believed that current delivery problems could lead to an uneven and inequitable pattern of delivery among recipient countries. Furthermore, the excessive liquidity of the Programme meant that important and urgently needed resources were not being used to support activities as planned.

441. Similar views were expressed by other members, one of whom pointed out that the surplus at the end of the year amounted to approximately 30 per cent of total programme expenditure and that with better forward planning most of this surplus might have been used to increase field delivery in a year which for many developing countries had been a particularly difficult one. This member referred to the assurance given by the Administrator in his opening statement that UNDP aimed at achieving a solid ascending curve of programme delivery in a carefully controlled and calibrated fashion and that the stop-start syndrome would be avoided. In view of UNDP's failure to forecast programme delivery in 1977 accurately, he doubted whether the Administrator had at the present time adequate means of controlling such an ascending curve.

442. Several members expressed concern about the ratio of administrative and programme support costs to operational costs and, noting that it had increased in comparison with 1976, requested the administration's comments on this.

443. Several specific questions were raised with regard to particular items shown in the financial statements for 1977 provided in document DP/336. The administration was requested to provide an explanation of an item "Experts hiatus financing and extended sick leave costs" which appeared in the statement of income and expenditure in 1977 for the first time, an explanation of the elimination of the item "Field office costs" which had always appeared in the statement of income and expenditures in years prior to 1977, the reason for the reduction in agency overhead costs in 1977, and a clarification of the significance of the increase in unliquidated obligations compared with 1976.

444. One member complimented UNDP on the distinct improvement in the documentation provided on financial matters as well as on the tighter control over working capital which was evident in the financial statements from the much lower balances held in field office imprest accounts and operating funds advanced to agencies.

UNDP investments as at 31 December 1977

445. Several members expressed appreciation for the Administrator's efforts to increase the investment of UNDP resources in developing countries, but felt that more could be done in this respect. They requested UNDP to submit a further report on this matter at the next session of the Council. In particular, they encouraged greater participation in World Bank bonds and investment in national and regional banks providing assistance to developing countries. Several members requested further clarification of the specific nature of the World Bank bonds purchased by UNDP and the deferred housing loans referred to in paragraph 20 of document DP/336. Questions were also raised on UNDP's policy regarding the placement of short-term and long-term investments.

Status of the operational reserve

446. One member suggested that, in view of the projected balance of nearly \$230 million in liquid, convertible funds as at the end of 1979, a replenishment of the full amount still due to the Operational Reserve should be made immediately, and the approved schedule of replenishment revised accordingly. The effect of this would be to release \$50 million in each of the years 1979 and 1980 for programming purposes and to establish immediately the financial integrity of the programme. Several members supported this suggestion, while others felt that this step was not necessary since the amount still due was clearly shown as a liability on the balance-sheet and that if multi-year pledging were introduced, the need for such a reserve would in any case decline.

447. One member regarded the Operational Reserve as a useful device to help safeguard UNDP's financial position in the short-term until such time as its long-term financial stability could be ensured by other means. He recalled that the level of \$150 million had been decided upon eight years ago. As UNDP's resources had more than doubled since then, he requested the opinion of the administration as to what might be an adequate level in relation to the total volume of operations during the remaining years of the current programming cycle.

Report on the Programme Reserve

448. No particular observations were made by members regarding the report on the Programme Reserve contained in document DP/336.

Utilization of accumulated non-convertible currencies

449. Many members noted with satisfaction the progress made in increasing the utilization of accumulated non-convertible currencies as described in paragraphs 26 to 30 of document DP/336, and expressed their appreciation for the co-operative efforts of the Administrator and one Government in reducing the accumulation of that Government's currency. They hoped that such special efforts would continue to be made on a regular basis and that similar arrangements could be made with other donor Governments.

450. Some members felt that despite the progress reported, the over-all performance in reducing UNDP's holdings of non-convertible currencies was still disappointing and not in keeping with previous Governing Council decisions on the subject. In this connexion, one member drew attention to the extremely low proportion of field staff who had agreed to have their salaries paid according to the former three-currency formula which included a payment in the home currency of the staff member. The same member inquired whether the information provided represented the report on utilization of accumulated non-convertible currencies which was requested by the Council at its twenty-third session. If so, it was in his opinion inadequate. He wanted to receive more information on the extent to which payments made for goods and services obtained from countries whose currencies were non-convertible had been made exclusively in those currencies. Two members reiterated their view that a permanent solution could only be found to this problem if all contributions to the Programme were made in readily usable currencies.

451. One member stated that by definite efforts and a constructive approach from the administration of the UNDP, the utilization of non-convertible currencies could be successfully realized and that there was no so-called problem of utilization of national currencies. He stressed also that in the interest of developing countries and for the benefit of development and just and equitable co-operation, it was necessary to use all resources of the Programme for the purposes of technical assistance. He stressed further that his Government would continue to co-operate with UNDP; however, he pointed out that on the part of the UNDP administration it was necessary to undertake appropriate measures for utilization of national currencies, because only in such a way could UNDP achieve further effectiveness in its activity and become genuinely universal and international in character.

Collection of accounts receivable

452. Members expressed appreciation for the Administrator's success in achieving an over-all reduction by \$3.2 million in the total receivables outstanding from Governments as at 31 December 1977 compared with the corresponding amount as at the end of the previous year. They urged however that every effort be made to achieve further improvement in this respect.

453. With regard to the request by one Government that approximately \$1.6 million in unpaid programme costs covering the years 1973 to 1976 be removed from UNDP's books on the understanding that this Government would pay an equivalent amount as a special contribution to the general resources of UNDP and that these funds be used to finance TCDC-type projects, several members questioned whether this should be done. One member requested clarification as to whether the term "unpaid programme costs" referred to assessed programme costs. If so, he felt that these assessments should not be written off. Another member also felt that payment of assessed programme costs arising in the years 1973 to 1976 was mandatory and to write them off would be unfair to those Governments which had paid their assessments during those years. He also believed that the Government's proposal to convert its debt into voluntary contributions to be used to finance TCDC-type projects further complicated the problems since it introduced an element of earmarking of voluntary contribution to UNDP's main programme which did not seem to be in line with the UNDP financial Regulations and Rules. Another member also felt that voluntary contributions to UNDP should be given without conditions attached to them and that the proposed arrangement might constitute a precedent. Furthermore, since no special fund existed for TCDC projects, he wondered how the Administrator would be able to fulfil the condition set by the government to use this contribution to UNDP's general resources for TCDC-type projects.

454. Several members requested further information and clarification regarding this proposal. One member suggested that specific criteria be established to cover requests for write-offs in future.

Cost sharing arrangements

455. Several members expressed satisfaction with the significant increases that had occurred in cost sharing arrangements in 1977 and to further increases expected in 1978. Another member, however, described cost sharing as a double-edged sword which should be used with caution, since there was a danger that smaller countries might be carried away with enthusiasm for this concept and might, as a result, over-extend their financial resources. Yet another member expressed his support for the practice which he understood was sometimes adopted by the World Bank of arranging for payment of cost sharing contributions to be made quarterly. Additional comments on cost sharing arrangements were made during the separate consideration of this subject as covered in paragraphs 482 to 494 below.

Estimated resources and programme costs for the financial years 1978 and 1979

456. The main concern expressed by members on this matter was that the basis used for estimating income from voluntary contributions in 1979, namely a 14 per cent increase over 1977, might be too optimistic in view of the actual pattern of contributions received in previous years. Even after making allowance for inflation, one member believed that to assume a 14 per cent increase was

over-ambitious, bearing in mind the current international economic situation and the fact that Governments cannot be pressured into contributing more than they are prepared to pay. Another member observed that there had been an over-all increase in contributions between 1976 and 1977 of approximately 8 per cent, but that the increase in contributions by major donors had been approximately 12 per cent. He wondered whether this was related to the elimination in 1977 of the former assessed programme costs and, if so, concern was expressed that the IPFs which had been anticipated might be significantly more than the funds likely to be received. Several members also advocated a cautious approach to the estimates of programme expenditure. In particular, one member wanted to know on what basis the estimate of \$490 million for main programme costs had been made.

Financial outlook for the second IPF cycle, 1977-1981

457. Members expressed appreciation for the paper provided to them at the meeting by the administration, which showed UNDP's projections of main resources and programme costs for each year of the second IPF cycle, 1977-1981, together with the actual figures for 1977. The present need to improve UNDP's financial information system and the difficulties which UNDP faced in forecasting both income and programme expenditure with a reasonable degree of accuracy were discussed by the Committee in its consideration of the financial operations for the year 1977 and the estimates for 1978 and 1979. In view of these difficulties one member stated that he was pleased to note that the Administrator had initiated consultations on securing longer-term financial stability. He fully supported the Administrator's attempt to introduce a system of multi-year pledging which would enable him to improve significantly the financial planning and management of the Programme.

458. Another member expressed the view that UNDP was in dire need of a more stable and predictable financial basis. His Government, as well as a few others, has made pledges to UNDP over a multi-year period and he hoped that other Governments would find it possible to do the same, despite any parliamentary or other problems which may be involved. He suggested a continuing dialogue between Governments which could also lead to agreement on individual shares of the over-all contribution. He fully shared the views of the Administrator on the question of multi-year pledging as expressed in his opening statement to the Committee. He proposed that the dialogue on these matters be continued within the current session of the Council and stated that his Government would like to put forward proposals on possible reforms of the procedures for committing resources as well as on the methods used to determine desirable levels of financing.

459. One member stated that his delegation had an open mind on the question of multi-year pledging, but pointed out that the financial problems UNDP had experienced in 1975-1976 resulted from a failure to predict expenditures accurately, not income.

460. Several other delegations expressed support for the concept of multi-year pledging. Other members pointed out that the procedure of multi-year financing would be incompatible with the legislative and administrative rules of their respective countries and as a result they could not support this proposal. One member then presented a working paper on long-term financing of UNDP for the consideration of the Committee. He explained that the purpose of the paper, which presented his delegation's views on possible ways of achieving more stable

and predictable financing of the programme, was to stimulate debate on this subject in the Committee. The paper contained various alternative proposals regarding pledging procedures and practices for committing contributions. He hoped that other members would make constructive counter-proposals to those contained in the paper.

Observations of the administration

461. Responding to some of the major issues raised during the discussion, the Assistant Administrator, Bureau for Administration, pointed out that document DP/336, though basically a factual document, inevitably included some judgemental factors. With regard to the low level of programme delivery in 1977, the administration would readily admit with hindsight that there had been a measure of over-caution in curtailing the programme. The preparatory work necessary to ensure planned delivery in 1977 had to be carried out in the 1975-1976 period and it was not an easy task for the resident representatives to cut back the 1976 programme and build up for 1977 at the same time. In addition, he said that it should be borne in mind that in some countries physical constraints against prompt implementation (housing conditions for example) were increasing and that this had contributed to the slippage. Nevertheless, he believed that the programme could grow and do so rather rapidly. He fully shared the hope of some members that ISIP would be able to improve significantly UNDP's forecasting and monitoring capability.

462. Referring to the concern expressed by several members over the level of administrative and programme support costs, the Assistant Administrator pointed out that 80 per cent of these costs related to staff and it was not easy to change the level of staff at short notice. Furthermore, the costs of support in any given year do not all relate to the programme delivery recorded in that year, but rather to the delivery of the next one or two years. Ratios of support costs to programme delivery in the same year do not therefore reflect the realities of the situation and could be misleading. He believed, however, that in the long term such ratios should appear to be more favourable.

463. As to the feeling of some members that the assumption made in the estimates that contributions would increase at the rate of 14 per cent per year was too optimistic, the Assistant Administrator agreed that this might be so, but pointed out that the Administrator had chosen this as a basis because the Council had decided that IPFs should be based on this assumption. This rate of increase had not been achieved in the first two years of the second IPF cycle and if this were not made up in the remaining three years, the IPFs would have to be reduced accordingly. He assured the Committee that annual expenditure ceilings were set on a more conservative basis.

464. The Assistant Administrator agreed that the results of the arrangements made for field staff to receive part of their salary in their home currency had so far been disappointing. He stressed, however, that the arrangements were of a voluntary nature and it was to be hoped that there would be some progress in this regard. He also emphasized that the meetings between representatives of the USSR Government, UNDP and the executing agencies had included discussions on a wide variety of ways to increase the utilization of the currencies concerned.

465. The Director, Division of Finance, then replied to various specific questions raised by members in the course of the discussion. With regard to the questions raised on the final expenditures for the first IPF cycle, 1972-1976, he referred to table 7 of document DP/336, which showed the over or under expenditures of the first IPF cycle by individual countries and regions. He assured the Committee that the deviations which had occurred had not been the result of any deliberate effort to treat one region differently from another. He also confirmed that the expenditure figures shown in paragraph 4 of document DP/336 for the first IPF cycle did not include the cumulative deficit of \$52 million in the expert and fellowship variance account, which would have to be offset against resources in excess of the agreed planned level for 1977-1981 in accordance with the decision taken by the Council at its twenty-second session. 11/

466. In response to points raised in connexion with the financial operations for the year 1977, the Director explained that the expenditure item "Expert hiatus financing and extended sick leave costs" appeared in the income and expenditure account in 1977 for the first time because in 1976 and prior years such costs were chargeable to the expert variance account under the standard cost system which was in operation until 31 December 1976. Since these costs were not chargeable to project budgets, they now constituted a direct charge against UNDP resources. He explained that hiatus financing costs represented costs incurred by the executing agencies in financing project managers and high-level experts during short periods between project assignments. UNDP had established, in consultation with the executing agencies, specific limits and criteria governing the use of this device. These included the conditions that the expert concerned must be scheduled to take up duties on another specific project within a period of six months, and that the costs of financing the expert during the hiatus period had to be lower than the combined costs of separation and re-recruitment. The Director provided the Committee with a breakdown by agency of the total amount charged in 1977 for hiatus financing and for extended sick leave costs.

467. The elimination of the item "Field office costs" from the income and expenditure statement for 1977 resulted from the decision to include the contributions from Governments towards the costs of UNDP field offices as an income item under section 7 of the approved administrative and programme support budget. These costs were therefore now shown on a net basis and the 1976 figures had been reclassified accordingly.

468. The decrease in overhead costs to participating and executing agencies was purely a reflection of the decrease in programme expenditure reported by them in 1977. The increase in unliquidated obligations was largely due to a modification introduced in 1977 of the basis for accruing expenditures. The Director said that members would recall that until 1975 expenditures were recorded on a cash basis. In 1976, an accrual method was introduced based on the principle of delivery of goods and services by the end of the year. Several agencies, however, found that they had difficulties in complying with this procedure within their own financial regulations and rules. During 1977, therefore, after further consultations with the agencies, UNDP had agreed to modify the criteria for establishing unliquidated

11/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), para. 372.

obligations to include the cost of all goods and services contracted and budgeted for in 1977 so that unliquidated obligations could be reported in a uniform and consistent manner both between agencies and between years. The effect of this change in 1977 was to increase the total amount of unliquidated obligations by approximately \$13 million, but in future years there would be full consistency and comparability between years.

469. The Director expressed appreciation for the favourable comments made regarding UNDP's success in reducing the amounts held in field office imprest accounts and advanced to the executing agencies. The former was primarily due to the greater use of "zero-balance" bank accounts; the latter would not have been possible without the excellent co-operation extended by the executing agencies.

470. The Director informed the members that this and further information on the matters discussed under paragraphs 437 to 460 above was included in the UNDP Financial Report and Accounts for the year ended 31 December 1977 which was presently being audited, and would be submitted to the General Assembly at its next session.

471. In connexion with the comments made by members on the level of administrative and programme support costs, the Director drew attention to the table in document DP/336 which showed that the increase in these costs in 1977 over 1976 had been only 3.1 per cent which was extremely low. He also pointed out that \$1.6 million out of the 1977 budget appropriations had been saved. He felt that this demonstrated that the Administrator was making every effort to keep such costs to a minimum.

472. On the subject of UNDP investments, the Director explained that World Bank bonds were the only type of bonds which UNDP purchased. The World Bank bonds sometimes were for a maturity period of two years, but they were fully marketable and therefore the funds so invested were not necessarily blocked for the whole period. Housing loans were loans made to developing countries to finance the construction of housing for field staff where this was considered essential in order to meet the programme's objectives. They were amortized in accordance with an established repayment schedule. The amounts invested in this manner were modest and all new proposals for such loans were suspended in 1975-1976. In order to preserve the liquidity of UNDP's available resources, surplus funds were generally invested on a short-term basis, i.e. less than 12 months. In deciding how long funds should be placed within this period, it was necessary to take into account in each case the incidence of collection of contributions, the balances currently on hand and the probable future needs of the programme for the currency concerned. Investments therefore tended to be made on a staggered basis and this accounted for the considerable variation in interest rates on which members had commented.

473. With regard to the Operational Reserve, in response to a question by one member, the Director confirmed that as funds were invested on behalf of the Operational Reserve in accordance with the replenishment schedule approved by the Council, the investments made were separately earmarked and distinguished from UNDP's other assets.

474. Turning to the problem of utilization of accumulated non-convertible currencies, the Director said that the information contained in document DP/336 did not constitute the report requested by the Council at its twenty-third session.

This report would be submitted at the Council's twenty-sixth session. Regarding the question whether payments for goods and services obtained from countries whose currencies were non-convertible were being made exclusively in those currencies, he stated that the agencies had been requested to inform UNDP of any difficulties encountered in this respect. When advised of such cases, UNDP had intervened on the agency's behalf, sometimes successfully, sometimes not.

475. The Director confirmed that the term "unpaid programme costs" appearing in paragraph 31 of document DP/336 indeed meant assessed programme costs. In this connexion he referred to the decision of the Council at its twenty-fourth session in which the Council appealed to all Governments either to pay all past due amounts or "to indicate to the Administrator that the amounts are uncollectible so that these amounts can be removed from UNDP books" (see E/6013/Rev.1, para. 311). The request of the Government concerned was to pay the equivalent of \$1.6 million in its own currency as a contribution to the general resources of UNDP, rather than as payment of its 1973-1976 assessed programme costs. The Administration believed that it would be possible to use these funds within the regular activities of UNDP under the kind of TCDC arrangements which are already taking place as part of the main programmes. It was not intended that this payment would be made into a special TCDC fund, nor should this transaction be regarded as a precedent for future cases.

476. During the discussion of the estimated resources and programme costs for the financial years 1978 and 1979, one member had expressed concern that the relatively lower increase in contributions from recipient Governments in 1977 might be attributable to the fact that programme costs from 1977 were no longer to be on an assessed basis, and that for this reason there might be a substantial shortfall in contributions received during the second cycle. In reply to this, the Director informed the Committee that pledges already made for 1978 included \$10.5 million for programme costs from those Governments which had separately indicated these contributions and this was not significantly lower than the actual amount anticipated in the 1978 estimates for this source of income.

477. The Deputy Administrator observed that from the depth of the discussion which had been held on this agenda item, it was clear that members recognized the importance of these matters. He remarked the UNDP itself needed reassurance that the basis on which the income estimates had been made was a realistic one. At the present time, it was assumed that IPF targets for the second cycle would amount to \$2,454 million. It was UNDP's responsibility to ensure that expenditures did not exceed this figure. He believed UNDP could do this, although fluctuations during the cycle period could cause difficulties in terms of cash liquidity. Effective monitoring of the programme therefore was probably UNDP's most important task. The greatest care would be needed to increase expenditure in a controlled and even manner during the cycle and to avoid reaching a peak of activity in 1981 which may have to be reduced in 1982.

478. Referring to the explanations given by the Director, Division of Finance, of the principles now used by UNDP in accounting for expenditure, he believed that for UNDP the combination of using a cash basis for recording income and an accrual basis for expenditure was the most conservative practice possible and a wise course to follow.

479. With regard to the new and improved financial information system, he pointed out that the benefits of the Integrated Systems Improvement Project (ISIP) were not likely to be felt until 1980 at the earliest. In the meantime, UNDP would make any ad hoc improvements which it could.

480. On the subject of the Operational Reserve, the Deputy Administrator said that increases to the reserves established for UNDP should take account of developments in connexion with multi-year pledging. However, since it might be some time before multi-year pledging was introduced on a significant scale, it might be wise to increase the reserves. In his own personal judgement, and subject to the relatively brief opportunity he had had to study the question, the Deputy Administrator felt that for such an operation as UNDP reserves equivalent to approximately six months' needs might be the most prudent practice.

Decision of the Governing Council

481. At its 625th meeting on 3 July 1978 the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/16 on item 17 (a), the text of which appears in section L of chapter XX of this report.

B. COST SHARING ARRANGEMENTS

482. For consideration of item 17 (b) of the agenda, the Committee had before it a report of the Administrator (DP/300) which contained the text of draft guidelines on policy and procedures governing the administration of cost sharing arrangements. These guidelines had been prepared in accordance with a decision taken by the Governing Council at its twenty-fourth session (see E/6013/Rev.1, 1/ para. 311) and, as requested, had been circulated to interested parties prior to their submission to the Council at the present time.

483. The Committee also had before it for its discussion of the subject relevant paragraphs (32 and 33) and tables (4, 5 and 6) in document DP/336, on the financial outlook for the second IPF cycle, 1977-1981, including the final expenditures for the first IPF cycle 1972-1976.

484. Introducing the item, the Director, Division of Finance, drew attention to the steady increase in cost sharing resources over the past several years and referred to the Administrator's view that cost sharing had become a significant component of the Programme not only in financial terms but also in programme terms to the extent that it involved co-ordination of technical co-operation activities in a country with regard to its IPF, bilateral funding and the recipient Government's own funding. The Director also summarized briefly the policy and procedures set forth in document DP/300 and informed the Committee that since the text had been circulated in August 1977, no requests to change or modify it had been received. He expressed the hope that following the discussion at the present session of the Governing Council the comprehensive set of rules and procedures covering cost sharing and third party cost sharing would be finalized.

Summary of discussion in the Committee

485. Members of the Committee were in agreement with the view that cost sharing had become an important element in the Programme's activities and that there was a clear necessity for rules and procedures to be issued governing the relevant arrangements. Appreciation was expressed for the preparation of the draft guidelines contained in document DP/300 and, in general, the rules and procedures set forth were regarded as acceptable. Reservations concerning several of the provisions were expressed, however, and clarification was sought from the Administration on either their applicability or their intent or both. Paragraph 25 on administrative costs in particular was considered by many members as being too vague and a more precise formulation was urged. The concern with identifying additional administrative costs was shared generally. One member, acknowledging the difficulty in distinguishing between fixed and variable costs, suggested that the principle of "clearly identifiable and additional administrative costs" be employed in determining whether or not Governments were to be assessed.

486. Several members also questioned the applicability of paragraph 23 on overhead costs wondering how the difference between a 14 per cent overhead rate and a higher one would be made up. Regarding the currency-of-payment provision in paragraph 11, many members emphasized the importance of payments being made in fully convertible currencies and urged that suitable guarantees be arranged to avoid further accumulation of non-convertible currency. Other members, however, pointed out that cost sharing payments could be made in national currencies if the funds were to be used to pay the local costs associated with projects. Reservations were expressed, too, regarding the provisions on payment schedules. The representative of the World Bank cited the excessive financing costs entailed by developing countries if payments had to be made a full year in advance and urged that greater flexibility be introduced in this regard. One member also requested that the provision in paragraph 9 concerning the procedure to be followed in connexion with non-payment of cost sharing should be made more specific.

487. Another member, referring to the draft guidelines in general, expressed the view that a more relaxed attitude towards the entire question of cost sharing might be advisable. He stressed that utilization of the Programme's excess capacity should be the paramount concern and that such utilization should not be hampered by excessive bookkeeping tasks. He stated that since the problems anticipated in the past had not materialized, the concerns expressed at the present session might well prove to be without foundation as well. This view was shared by several other members, one of whom pointed out that by virtue of economies of scale and since many projects selected for cost sharing already had their administrative costs borne by UNDP, there may well be little or no appreciable increase in administrative costs as a result of cost sharing activities. As much flexibility as possible in the rules and procedures concerning cost sharing was urged. Another member sought clarification as to the incentives available to poorer countries to enter into cost sharing arrangements rather than seeking assistance under bilateral assistance. Referring to paragraph 3 of the draft guidelines, one member inquired as to what kind of decision the Council would be asked to take in the event the limits of the level of cost sharing were exceeded.

488. Members of the Committee in general recognized the possibility that cost sharing, particularly third party cost sharing, could have an adverse effect on the basic multilateral character of UNDP. Though appreciative of the positive

aspect of cost sharing as an additional source of financing enabling the fuller use of the Programme's capacity, members' concern with preserving the impartiality of UNDP funding was stressed and the existing limits on the level of cost sharing that might be accepted, both by individual Government financing and by third party financing was endorsed. General concern was also expressed about the possible impact of excessive cost sharing upon individual voluntary contributions to the Programme's central resources. A detailed analysis of this aspect of cost sharing was requested for submission at a subsequent session of the Council. Members of the Committee also requested that the Governing Council be apprised on a yearly basis of developments in cost sharing arrangements including the kinds of projects selected, the sectors favoured and as far as possible the administrative costs involved.

Observations of the administration in the Committee

489. Responding to the points raised during the discussion, the Director of the Division of Finance expressed his appreciation for the support given to the draft guidelines and assured the members of the Committee that the views expressed would be fully reflected when the rules and procedures were finalized. He said, too, that the expanded analysis of cost sharing arrangements which the Committee had requested would be undertaken and that the information would be included in future reports to the Council. Regarding the relationship of third party financing to over-all voluntary contributions, however, the Director stated that more experience would be necessary before any valid assessments could be made with respect to establishing limits or criteria covering such contributions. So far there were only a few examples on which to base a judgement.

490. Speaking generally, the Director emphasized that cost sharing received special attention both at headquarters and in field offices with respect to the schedule of payments, the currency of payments, the formulation of projects and the like. He stressed, too, that many countries, even some of the least developed countries had entered into cost sharing arrangements thus indicating the priority that some countries attached to UNDP projects. Consequently, the problem of cost sharing being used exclusively by only the more developed countries had not yet materialized. The Director also noted that the administrative costs involved were those that were additional only and, though they were difficult to determine precisely, his own assessment was that they were presently minimal for most field offices.

491. Regarding the payment schedule, the Director stated that advance payment was required so as to ensure that future commitments were covered and that, though the payment dates had been made uniform, a measure of flexibility could be accommodated and some adjustments made in special cases. He further stated that cost sharing arrangements in accumulated non-convertible currencies were not entered into, but in a number of cases the resident representatives were authorized to accept national currencies when they could be expended in the country within a relatively short time period.

492. With respect to limiting overhead costs to 14 per cent for all agencies, the Director said that the amounts involved were not significant. Overheads on cost sharing arrangements were paid by the donor and since the executing agency was not usually known in advance, it had seemed the most pragmatic arrangement to use the

14 per cent average for overhead costs. Regarding paragraph 25, the Director pointed out that since cost sharing projects were financed from IPFs as well as cost sharing contributions, the additional administrative costs were difficult to identify separately. The administrative support project referred to would cover field office activities only and did not provide for headquarters costs. In addition, the Committee was informed that LDCs were not being assessed for additional administrative cost associated with cost sharing.

493. The Director concluded his remarks by informing members of the Committee that the Administrator planned to seek the views of the Council in those instances where the level of cost sharing exceeded the limits set forth in paragraph 3 of the draft guidelines.

Decision of the Governing Council

494. At its 623rd meeting, on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/17, on cost sharing, the text of which appears in section L of chapter XX of this report.

C. DEVELOPMENT OF THE FINANCIAL AND PROGRAMME INFORMATION NETWORK

495. For consideration of item 17 (c), the Committee had before it document DP/329 which contained the Administrator's progress report on the work already done by the Integrated Systems Improved Project (ISIP).

496. In introducing the item, the Assistant Administrator for Administration informed the Committee that since document DP/329 was drafted a great deal of additional work had been done, but not of a nature to change in any significant way what was stated in the document. He further informed the Committee that the first of the two phases in which the project was conceived for implementation had just been completed and the consultants' draft report, containing the conceptual design and plans for implementation of the proposals, would be discussed by the ISIP Steering Committee late in June with a view to formulating recommendations to the administration. He further indicated that UNDP staff resources allocated to the project during phase I corresponded to between 8 and 11 man-years, which meant that the final product of phase I, while being the consultants' responsibility, was in large measure the result of a co-operative effort.

497. The Assistant Administrator estimated that, if the consultants' recommendations were accepted, testing and implementation could hopefully start around September-October 1978. However, UNDP estimated that the implementation cost would amount to some \$1.2 million, of which \$0.7 million only was available from past special contributions to the project. Taking this into account, the Administrator would propose that he should be authorized (a) to proceed with the project, as appropriate; (b) to seek special contributions of up to \$500,000 for this purpose; and (c) to the extent that such contributions were not forthcoming in full, to increase the 1979 budget by the amount of the shortfall attributable to that year.

498. In giving the Committee additional information on the project, the UNDP project Co-Manager summarized the progress of work done during phase I, highlighted some of the problems encountered, stressed the importance which was attached by

the project team to continuous and extensive consultations with users of information at headquarters and with resident representatives as well as with executing agencies. He went on to define the difference between phase I, covering the conceptual design, and phase II, dealing with the detailed design, and highlighted some of the recommendations contained in the report regarding the strengthening of management processes, clarification of roles and responsibilities and strengthening of planning techniques within a framework of integrated planning. The Co-Manager enumerated the main systems described in the conceptual design and the preliminary estimated costs of implementation.

Summary of the discussion in the Committee

499. In opening the discussion, the Chairman suggested that the Committee should concentrate on substantive aspects, leaving the discussion on financial aspects to a later date, in conjunction with the discussion of the 1979 budget estimates.

500. Members of the Committee expressed appreciation for the clear and comprehensive presentation of the subject by the secretariat. Most members were gratified to learn of the successful completion of phase I and expressed keen hope that implementation of phase II of this extremely important undertaking would not be delayed, so the momentum already gained was not lost. Appreciation was also expressed to the ISIP team for their effort and the professional approach displayed in preparing the conceptual design. One member, who had followed closely the development of phase I, added to his appreciation for the UNDP team his Government's complete satisfaction for the integrity and the excellent performance with which the consultants had met the challenge presented by this project.

501. One member emphasized the catalytic role that consultants play in such undertakings and emphasized the importance of having some continued presence of consultants in phase II. Several members, while accepting the Chairman's suggestion that the financial aspects for phase II should be discussed separately, nevertheless expressed their view that adequate financial resources should be available to the Administrator for successful implementation of phase II.

502. Several members expressed the hope that management capabilities would be strengthened and integrated as a result of the implementation of improved information systems. The clearer assignment of responsibilities between the parties involved in technical assignments which would help in determining accountability was supported by a number of committee members and considered a most welcome aspect of the proposals. In this connexion one member asked what the impact of these suggestions would be on UNDP headquarters staffing and organizational structure.

503. A number of members expressed appreciation for the role played by the pilot agencies and welcomed the co-operation with all the agencies, emphasized during phase I, which they hoped would continue throughout phase II.

504. While most members endorsed the thrust of the proposals, one member questioned the need to go into hasty establishment of elaborate systems, when all that was required was the institution of some suitable control systems. Although such systems would cost some money, the outlays would be far below what was now being suggested.

505. A number of members expressed the view that the option proposed to be followed in respect of agency systems was too modest and that the Administrator should aim at an agency master system and not be satisfied simply with the provision of information required by UNDP. While understanding the reasons provided for the selection of the preferred option, some members suggested that this particular subject could be left for further review by UNDP. Several members also asked whether the required adaptation of the agency systems to the UNDP information requirements would cost additional funds. The question was also raised as to what the views of the agencies were on the subject.

506. Most members while endorsing the concepts contained in document DP/329 which were further elaborated during the discussion, requested additional clarifications on certain aspects of the proposals: how the allocation system would function; what the legal status would be of a project document; what flexibility measures were envisaged; how and when commitments would be entered into; what signatures would be required for an amendment of a work plan; what the differences were between the current and the proposed systems; and what effect the proposed procedures would have on evaluation.

507. The representative of the ILO described the close and fruitful co-operation his agency had had with ISIP and emphasized the importance of a quick follow-up and implementation. He made some comments concerning the allocation system and suggested that while financial controls were important, they should remain a subordinate function to planning. He further emphasized the importance of establishing an evaluation system to measure performance. He emphasized finally that in the case of his agency no additional cost would be involved in meeting UNDP's information requirements, as the ILO was currently in the process of introducing new financial systems.

Observations of the administration in the Committee

508. The UNDP Co-Manager responded in detail to the questions raised and provided the clarifications sought by members of the Committee. With respect to the agency systems, he emphasized that the variety of computer hardware, the differences of systems between agencies and their modalities of operation would have made it extremely costly for them to adopt a new standard system to be developed by UNDP. Since agencies' systems aimed at providing information to UNDP were linked to their own internal systems, such an approach might not be wholly viable nor the related costs be entirely justifiable and in the consultations with agencies it became clear that no agency welcomed such a course of action.

509. The Project Co-Manager went on to elaborate on the flexibility measures that were envisaged such as transfer between lines and components, or the use within limits of a succeeding year's allocation in any given year. He explained that the separation of the work plan from the main document would enable more accurate forecasting of expenditure at the project level, make the agency accountable for its forecast by freezing the allocation after a certain target date, and allow simplification of procedures by permitting those directly involved with project implementation to agree on the work plan and modifications thereof. In those cases where a government co-ordinating department or ministry would want to use its prerogative of endorsing each amendment, this would be the case, although this would somewhat detract from the proposed flexibility. The project document would

continue to be the legal binding document defining the project objectives and outputs and indicating UNDP's over-all financial commitment towards the project. The issuance of allocations by the resident representative to the agency would then give it authority to enter into commitments and disburse funds for the current year. The effect of the system on evaluation could be substantial as each project would have clear targets and milestones to be attained within specific period in addition to clearly defined outputs. Thus, means would be available to compare achievements against plans both at the project level and, through programme reviews, at the programme level.

510. In summarizing the discussion the Chairman made the following points:

(a) From the interventions it was well established that there was a need for better and more effective financial information systems to be introduced with the participation of the executing agencies.

(b) While there was strong support for moving from phase I to phase II without loss of momentum, there was recognition that the Committee needed additional information based on the consultants' report on the systems and their costs in order to arrive at specific decisions.

Recommendation of the Committee

511. The additional information requested by the Committee was provided in a note submitted by the Administrator (DP/GC/XXV/BFC/CRP.5) which included details of the systems covered in the report and proposed for implementation as well as some approximate estimates of implementation costs of the proposed systems.

512. In explaining the contents of the note, the Assistant Administrator emphasized that the cost estimates were very preliminary and quite conservative as they were based on costing proposed by the consultants but with a reduced ratio for consultant man-days, since it was the preliminary judgement of UNDP that the ratio of consultants to UNDP staff proposed in the report seemed to over-emphasize the future consultants' role. He advised the Committee that UNDP's views on the report would be formulated following the ISIP Steering Committee meeting at the end of June.

Summary of the discussion in the Committee

513. Most members appreciated the provision of the additional details and considered them to be adequate for reaching a conclusion. Some thought that it was unfortunate that the Steering Committee had not met earlier so that the Budgetary and Finance Committee could have benefited from the views and recommendations coming from that meeting. In this connexion, a number of specific questions were raised. One member thought the great hurry to implement the project was unjustified and considered that the amount still available to the Administrator for ISIP, i.e. \$700,000 was substantial and thus no additional funds would be required at least until June 1979. Most other members emphasized the need to proceed with all reasonable speed; it was also pointed out that the Administrator would need financial authority to enter into the total contract, for which the authorization in regard to the additional \$500,000 would also be necessary.

514. In summarizing that stage of the discussion, the Chairman requested a further written submission from the administration to cover the cost breakdown and estimated ratio of man-days between UNDP staff and consultants; the proposed remuneration to consultants and their functions; time-table for phase II; the period of time during which the additional \$500,000 may be required; estimated cost of maintenance of the systems; amounts of savings to be derived; and impact of the systems on executing agencies.

515. While some members stated that they were fully satisfied with the administration's responses and did not require additional written material, the UNDP secretariat undertook to provide the additional information.

516. An additional note (DP/GC/XXV/BFC/CRP.7) was provided by the secretariat covering the points enumerated by the Chairman in his summary and which are cited in paragraph 514 above.

Observations of the administration

517. The Assistant Administrator emphasized again in explaining the note that various assumptions that were made in preparing the note were based on the consultants' report, which had not yet been studied in detail or endorsed, and were therefore tentative in nature. This was particularly so in respect of anticipated savings which were not yet substantiated and on which the Administrator could not take a position at this time. The Assistant Administrator went on to say that at the start of the Steering Committee meeting which had just begun, the unanimous sentiment was expressed that while the Committee recognized the need for the project and continued to support it, it was not convinced that the report of the consultants represented the end of phase I; that additional review and work would be necessary before phase I was completed; and that the initiation of phase II should not be unrealistically established.

Summary of the discussion in the Committee

518. In the discussion that followed, most members expressed their complete satisfaction with the papers provided by the administration and supported the adoption of the proposed draft decision, as contained in paragraph 7 of document DP/GC/XXV/BFC/CRP.5 One delegation member, however, considered that the additional details were not fully satisfactory, that the suggested costs appeared to be excessive and that it had not been demonstrated that the most economical modalities of implementation had been considered.

519. Some members requested clarification of some points contained in the Administrator's note, such as how the UNDP staff cost factor was arrived at, what the details were of the proposed savings, and of what the 10 per cent increased cost for top level co-ordination consisted.

520. Several members emphasized the importance of UNDP's trying to have the cost of implementation reduced to the maximum extent possible and stated that for the purpose of implementation the cost estimates provided by the consultants should not be taken for granted. It was also stressed that competitive bidding and the best possible mix of UNDP staff in the project could help ensure reduced costs of implementation.

521. One delegation, while expressing its appreciation for the contribution made by four developed countries to the project, said that it expected other developed countries to make similar extrabudgetary contributions to finance the remaining work of the project and only if such contributions did not materialize should the Administrator be authorized to seek recourse to the budget of UNDP.

Observation of the administration

522. In their responses, the Deputy Administrator and the Assistant Administrator reiterated the tentative nature of the estimates provided to the Council including the cost factor of UNDP staff which, for consistency purposes, was used as indicated in the consultants' report. It was further explained that the 10 per cent of additional implementation cost was designed for high level managerial consultations, that the consultants' estimate of savings of one million dollars was related to local staff costs, but that UNDP could not at this stage share this assessment of potential savings. The Deputy Administrator assured the Committee that there was no commitment to the consultants engaged in phase I or to any other consultants for implementation of phase II and that to the extent outside consultants were required, UNDP intended to use competitive bidding in order to get the best possible offer, professionally and financially.

523. The Deputy Administrator further assured the Committee that the Administrator would provide the Council at its twenty-sixth session with a complete progress report on ISIP, including progress on all matters raised during this session.

524. In summarizing the discussion, the Chairman stressed that the need for an adequate information system was clearly evident and that the members attached great importance to the speedy implementation of ISIP. Members recognized the existence of uncertainties which normally would call for clarification before a financial decision could be taken, but that because of time pressure a decision would have to be taken as an act of faith in authorizing the Administrator to take certain actions. The Chairman added that the Committee hoped that maximum economy in implementation would be realized through efficient and hard negotiations on cost.

Decision of the Governing Council

525. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/18 on item 17 (c). For the text see section L of chapter XX of this report.

D. BUDGET ESTIMATES FOR 1979; E. FEASIBILITY OF ESTABLISHING A BIENNIAL BUDGET; F. FURTHER DISTINGUISHING BETWEEN ADMINISTRATIVE AND PROGRAMME SUPPORT COSTS

526. For its consideration of agenda items 17 (d), 17 (e) and 17 (f), the Committee had before it the following documents: DP/335 and Corr.1, DP/335/Add.1, DP/335/Add.2 containing the 1979 budget estimates in a programme budget format; a note by the Administrator (DP/GC/XXV/BFC/CRP.4), showing the actual UNDP staff on board as at 30 April 1978; DP/318, a report on the feasibility of establishing a biennial budget; DP/316, a report on the feasibility of further distinguishing between administrative and programme support costs in the budget document; and

DP/341, the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the 1979 UNDP budget estimates.

Administrative and programme support budget for 1979

527. In introducing the administrative and programme support budget for 1979 the Director, Division of Finance, noted that in early December 1977 the Administrator had circulated to members of the Council in document DP/L.321 an initial budget forecast for 1979 amounting to \$69,766,000 and had requested the views of Governments on his projections. Several comments on the initial budget forecast were received and taken into account to the extent possible in preparing the final 1979 budget request. The Administrator was now requesting net budget appropriations of \$69,966,000 for 1979, an increase of \$4,348,200 (6.6 per cent) over 1978. The Director noted that the 6.6 per cent increase was less than the current global rate of inflation and that the final 1979 budget request was only \$200,000 higher than the initial budget forecast even though the number of Senior Agricultural Advisers (SAAs) financed under the budget had been increased at the request of FAO from 8 posts to 12 posts. Had the number of SAA posts not been increased, the final 1979 budget estimates would have been less than the initial budget forecast.

528. The Director drew attention to the chart in document DP/335 and Corr.1 which showed the changes in UNDP staffing since 1972. He noted that international office assistants (staff recruited for administrative and finance tasks in field offices) had slowly declined as they had been replaced by locally recruited staff; that General Service staff at UNDP headquarters in New York had decreased slightly; and that the number of Professional staff which had been sharply reduced in 1976 and 1977 had now levelled off. However, there had been a modest increase in total UNDP staff, principally as a result of the increase in the number of locally recruited field office staff.

529. The Director pointed out that an analysis of the 1979 budget showed that the increase resulting from cost variations was \$6,031,700 while Programme decreases would amount to \$1,683,800, resulting in the net increase of \$4,348,200 over 1978. The increase was largely related to salaries and common staff costs which accounted for \$3,369,800, while general operation expenses accounted for another \$1,401,000. Other objects of expenditure and income decreased by about \$423,000.

530. Members were invited to note that a \$243,400 increase in travel costs was requested, which was 15 per cent over the 1978 level of \$1,600,000. It was emphasized that the Administrator believed it necessary to provide for increased travel in 1979 in order to help ensure that Programme quality and effectiveness as well as the level of delivery would continue to improve. Though strict travel controls would still be maintained and the new travel standards adopted by the General Assembly strictly observed, the increased travel provision would enable more resident representatives to visit agencies for consultations on projects, permit more programming missions to visit field offices to develop programmes and projects in response to Governments' requests and allow a modest increase in the travel of field programme supervisory staff so as to concentrate upon improved project quality.

531. The Director stated that the increases in general operating expenses (i.e. rental and maintenance of premises, rental and maintenance of furniture and

vehicles, communications, etc.) were the result of cost increases that UNDP field offices were experiencing in most countries. The trends predicted for 1979 had been carefully reviewed at UNDP headquarters and reduced in every case possible so that the organization could operate as economically as possible. Members were advised by the Director that special instructions were periodically distributed to UNDP offices regarding the use of telephones, vehicles, and other equipment and facilities, and that the Administrator would continue to do everything possible to control these expenditures.

532. On the subject of inflation, members were advised that basically UNDP was following the guidance provided by the General Assembly, ACABQ and CCAQ with respect to a common methodology for estimating the costs of inflation as included in budget estimates and that within its limited resources UNDP would continue to participate in interagency efforts to improve and harmonize these procedures. The Committee was informed further that in submitting their requests for the 1979 budget estimates, field offices and headquarters units were required to justify their requests for travel credits, consultants, temporary assistance, overtime, training, contractual services, hospitality, supplies, materials, office furniture, equipment and vehicles as though no funds had been provided for these items in 1978. In addition, each programme manager had been instructed to plan activities and expected needs on the basis of the workload contemplated and the goals to be achieved and to rank the activities and needs according to priority requirements where possible. The headquarters review of budget requests was made on the basis of the justifications provided and not on the level of the budgets or expenditures in prior years. The Director said that UNDP had thus tried to follow a "zero based" approach and would continue to use this technique in the future since it was believed that it provided a better method for assessing budget requirements.

Feasibility of establishing a biennial budget

533. The Director invited members to note from the report on the subject of biennial budgeting for UNDP (DP/318) that the Administrator was in favour of a biennial budget and hoped that the Council would adopt a biennial budget cycle for UNDP. The Director stated that one specific point required clarification from the Council and this was whether to provide the evaluation of past activities as a part of the biennial budget document in alternating odd-numbered years, or to provide an evaluation of past activities and the longer-term projections in the same document in even-numbered years. It was understood that the Council had in effect requested reports covering three separate items:

- (1) A biennial budget;
- (2) An evaluation of past activities; and
- (3) A longer-term review and projection in alternative years in the manner in which the use of the administrative budget contributed to the achievement of the Programme's objectives.

A combination of items (1) and (2) in the same document with the initial report to be submitted in 1979 was being suggested, but it was possible to combine items (2) and (3) in the same document with the first such report issued in 1980. It was hoped that the Committee would provide further guidance on this point.

Further distinguishing between administrative and programme support costs

534. The Director recalled that a number of members of the Governing Council had urged that UNDP present its budget in a fashion which more clearly distinguished between administrative costs and programme support costs. Suggestions had been advanced that the budget should be separated into two documents. The Director expressed the hope that the Committee could provide suggestions as to how UNDP might best respond to this request since several problems had been identified that seemed to militate against more clearly separating budget costs into programme support and administrative elements. Some of the problems encountered were:

(1) The lack of clear definitions in the United Nations system for either administrative or programme support costs and the need for more consistency in the use of both terms; (The Director noted that a review had been made of the history of efforts within the United Nations system in trying to define these terms in an agreed and acceptable manner.)

(2) Budget systems had to be linked to the accounts system. The accounting for the funds expended should be presented in the same manner and level of detail used in the budget formulation process so as to enhance reporting and comparison;

(3) UNDP required a simple system to operate in field offices because most field offices were small in size and frequent transfers of staff from one office to another office suggested the need for considerable standardization, in addition to simplicity, in its budget system;

(4) UNDP could operate a more complex and sophisticated system at its headquarters, but a more complex system would increase operating costs by increasing the number of headquarters staff required and result in the use of more electronic data processing time;

(5) It might appear that separating the present UNDP budget document into two documents could provide a solution; but on the other hand it might also be considered by some simply as a cosmetic treatment that could lead to a loss in credibility. UNDP would find it difficult to operate two separate budget systems for most cost items owing to the joint nature of many field office costs such as salaries and wages, rents, utilities, etc. A considerable amount of additional work and pro-rations would be required to operate two separate budget systems;

(6) In addition, any budget forecast predicated on separating cost into administrative and programme elements would be somewhat arbitrary. Thus, the actual budget results could be very different from the budget estimates, thereby leading to a large number of variations or over/under estimates;

(7) Any budget system that separated costs into two or more separate categories had to be rather complicated, more elaborate and thus more costly than a simple system.

535. Members were assured that the Administrator would continue to study the matter, bearing in mind the General Assembly and the Council's request to improve the harmonization of United Nations budget practices. The use of outside consultants to augment the limited personnel UNDP had available was being considered in order to ensure that the Council would be provided with a comprehensive technical report on the subject in June 1979.

Report of ACABQ

536. The Director in commenting on document DP/341, the report of ACABQ on the 1979 UNDP budget, noted the observation of ACABQ that an attempt had been made by UNDP to respond to several suggestions which it had previously made regarding the presentation of the budget. ACABQ, however, also stated that it would have liked far more attention to have been devoted to explaining the reformatting of the 1978 budget figures. Members of the Committee were informed that the purpose of reformatting the 1978 budget figures had been to make the figures more comparable with the 1979 budget request now before the Governing Council for consideration. UNDP had explained to ACABQ that the 1978 appropriations would not be changed and that the amounts authorized by the Council for 1978 would be adhered to.

537. The Director stated that the 1978 budget contained in document DP/273 had not been prepared in its entirety using computerized programmes for the formulation of the budget because some of the computer programmes were still at that time under development or testing. This was especially true for the subledgers on costs for headquarters and related units. The 1978 staffing table cost had been included in the computer but the computer programme had still been in a developmental mode at that time. Inadvertently, the computer tapes used for the 1978 staff costs contained in document DP/273 had not been retained by the Computer Centre and therefore the whole data file for the 1978 salary costings had to be recreated and, in the process, a series of minor differences by programme emerged. Most of the differences had occurred either in the actual computer calculation of the salaries and wages and/or because of the application of the new computer programme to distribute non-payrolled common staff costs to each programme which had had a concomitant effect on the over-all totals for each programme. The fact was illustrated by referring to table A of document DP/335 and Corr.1 where the two small and completely separate programmes, UNV and UNCDF, which were less complex, remained at the same figures shown in the original 1978 budget document (DP/273).

538. The Director went on to say that ACABQ had felt that even though the 6.6 per cent increase in the 1979 budget appeared reasonable, this conclusion would have been reached more easily had there been a clearer means of analysing real growth as opposed to growth due to inflation. Members' attention was directed to table K in document DP/335 and Corr.1 which presented an analysis by programme separating the increase in the 1979 budget between inflation, including cost increases, and real growth (programme increase). It was noted that the total real decrease was \$1,683,800 on a budget of \$69,966,300. There would thus be a programme reduction within UNDP in real terms in 1979. The main cause of the increase in the 1979 budget was the combined effect of inflation and cost increases. The attention of members was drawn to the fact that this increase was very difficult to analyse and separate into inflationary pressures and other causes. Although the measurement of inflation was primarily a task for economists, accountants were becoming increasingly concerned with the whole question of accounting for inflation in financial statements. It would be misleading to state that UNDP headquarters and field offices had been able clearly to isolate the effect of inflation and cost increases as they related to either field offices or headquarters budget costs. Salaries and wages accounted for 80 per cent of the UNDP budget; salary rates were determined by the General Assembly and UNDP followed those rates. Increases in Professional salaries and wage costs for 1979 resulted from additional posts, promotions of staff, longevity step

increases and changes in post adjustment levels and other allowances. While the increases ascribed against the General Service and locally recruited staff were influenced by some of the above-mentioned factors, increases in the salary rates of General Service and locally recruited staff were based upon local conditions, some of which were influenced by local inflation and some simply by local governmental policies regarding salary levels. Members of the Committee were assured that UNDP will pursue with ACABQ exactly how the analysis of real growth as opposed to growth due to inflation could be better reflected in future budget documents.

539. The Director expressed appreciation to ACABQ for clearly explaining the differences in the 1978 and 1979 staffing tables on the basis of the data provided to it by UNDP and hoped that members of the Committee now had a better understanding of the adjustments made in the staffing tables contained in the 1979 budget request.

540. The Director explained UNDP's efforts to utilize zero based budgetary concepts as suggested by some members of the Council last year. In essence, zero based budgeting was not fully compatible with an incremental budgeting system whereby only the increases or decreases are explained or justified from year to year. ACABQ noted in paragraph 25 of its report that it was faced with a complete lack of justification for budget changes resulting from zero based budgeting, but UNDP felt that in such a system it was not possible to justify only the changes if in fact the programme manager was required to justify the total request and not concentrate on annual increments. The Director stated that efforts would be made in future budget documents to provide ACABQ with additional justification and that further guidance would be sought from ACABQ on this point since they possessed considerable expertise in this area from which UNDP could directly benefit.

541. The ACABQ comments in paragraph 26 of document DP/341 were noted as being valid and resulted to some extent from the editing of the budget document within UNDP which, it was hoped, could be avoided in the future. It was recognized that it was necessary for budget editors to be much better informed of the Council's wishes and ACABQ's concerns so that such occurrences could be prevented in the future.

542. It was pointed out that paragraph 27 of the ACABQ report referred to the total number of staff that had been shown in document DP/201, a long-term staff projection, and the present 1979 budget document. The total staffing figure of 3,997 posts referred to by ACABQ included sectoral support, UNV and CDF staff along with custodial and other staff which had been excluded from the long-term staffing projections contained in document DP/201. The table in DP/201 showed that total staffing at the end of 1981 had been forecast at 3,490. If the figure of 3,997 posts were adjusted to eliminate 159 sectoral advisers, 31 posts for UNV, 14 posts for CDF and 216 posts for custodial and other staff excluded from the projection, the result would be 3,577 or only 87 posts more than the target established for the end of 1981.

543. The Director stressed that ACABQ was not suggesting any reductions in the 1979 budget requested in document DP/335 and Corr.1 and that the Administrator was prepared to give full assurances that if the funds requested were appropriated, they would be administered, as in the past several years, with due regard to efficiency and economy as suggested by ACABQ. In addition, UNDP would continue to refine the budget presentation calling upon the expert assistance of ACABQ and its staff as was done with respect to the 1979 budget presentation.

544. The ACABQ comments on further distinguishing between administrative and programme support costs in the budget documents and the feasibility of establishing a biennial budget cycle were noted. The Director said that should the Council endorse the Administrator's proposal to adopt a biennial budget cycle for UNDP, the Administrator would take advantage of ACABQ's offer of assistance in these matters.

Summary of discussion in the Committee

545. Members were unanimous in commending the Administrator's determination to keep increases in the 1979 administrative budget to a minimum and considered that the increase for 1979 over 1978 was reasonable in the light of the expected global inflation rate. A number of members, however, while noting the efforts to achieve maximum economy and cost reductions during implementation of the 1976 and 1977 budgets, expressed the view that this policy should be maintained with respect to 1978. Several members stressed the continuing importance of also reviewing the level of the budget in relation to the actual delivery of the programme and suggested that, as experience had demonstrated, the expected level of project and programme delivery was seldom reached. Thus economies should be made wherever possible during the implementation of a budget in order to keep the increase from one period to another at the lowest possible level consistent with the maintenance of the highest level of efficiency and productivity. A number of members when commenting on the apparent necessity for an increased travel provision nevertheless hoped that travel would be very closely monitored and prudently controlled, including attendance at Governing Council sessions. Emphasis was also placed on the need to redeploy staff and other resources wherever possible and for pursuing increased productivity through improved systems and better work methods. It was the opinion of some members that it should be possible for UNDP units to take on additional tasks without requiring additional staff and thus absorb any increased workloads without a corresponding increase in staff. This would make a material contribution towards the achievement of the long-term staff plans contained in document DP/201.

546. Some members expressed concern over the increase in the number of posts contained in the 1979 estimates and pointed out that a projected increase in programme delivery should not automatically result in a request for an increase in staff. Decentralization, it was stated by several members, did not per se mean an increase in the number of field posts; it did however mean a decentralization of responsibility and authority from headquarters which did not of itself cause an increment in the workload of the field office. Members generally were critical of the failure to give precise explanations of reasons for the changes in staffing requirements and emphasized that efforts should be made to ensure that future staff planning should be kept within the longer-term staff proposals contained in document DP/201 as adjusted for the integration of custodial and other staff. These targets were regarded by the Council as still valid for the present IPF cycle, particularly since UNDP's spendable resources had not dramatically increased over the original projections on the second cycle contained in document DP/199. References were also made by several members to the top-heaviness of the UNDP secretariat at headquarters and requested the Administrator to prepare and submit to the Council at its next session a comparison of the grading structure of UNDP with other United Nations organizations. It was recalled that this was a matter to which the Council had previously devoted

attention but which had not been satisfactorily resolved. It was also felt that improvements were needed in clearly delineating assignments, responsibilities and authority at headquarters so that several senior and highly paid staff were not required to carry out the same task. All members endorsed the observations on the 1979 budget which had been made by ACABQ and requested the Administrator to take appropriate action wherever possible when preparing future budget estimates.

547. Commenting with approval on the significant progress which had been made in the presentation and analysis of the budget estimates, members nevertheless called attention to the continuing need for further improvement. It was suggested that there should be a step-by-step introduction to the highlights of the budget estimates with particular attention to changes from one year to the next. More clarity should be sought in the narratives and the tables should be linked logically and consolidated where possible. Additional graphs and charts should also be used to help explain the budget. Members observed that the format of the programme budget itself was now fairly well established, as were some of the summary tables, particularly tables M and N. These presentations should not be changed. The view was expressed that a format which could be used without many changes in subsequent budget periods would not only make comparisons easier, but it could also help in the budget planning and monitoring.

548. Concerning the substantive narrative provided in the document, the difficulty of containing it within 32 pages was noted. One member, supported by others, stated that the use of such a yardstick was inappropriate for application to a gross budget request for over \$90 million since it could result in denying members the necessary background information which they needed to carry out their responsibility for reviewing and approving the budget. The Administrator was requested to overcome this difficulty by seeking the appropriate exemptions as necessary from the Department or Conference Services for the budget estimates and other documents to be considered by the Budgetary and Finance Committee of the Governing Council.

549. While acknowledging that some efforts had been made to provide data on inflation and real growth, members requested more information in future budgets on the over-all real growth rate for the budget and an indication of just where the real growth had occurred. Additional information was also required on the overall impact of inflation and to what extent it had been absorbed in the budget estimates and where. Though generally recognizing the unique difficulty for UNDP in this regard because its budget was built up on the basis of inputs from over 100 field office locations, members nevertheless still expected substantial progress to be made in responding to the request for clearer information on growth rates and inflation.

550. Several members commended the Administrator for rapidly responding to the requests from the Council to apply a zero based approach to the UNDP budget wherever possible and hoped that this concept would continue to be applied. Several other members, however, saw merit in the incremental approach and thought that both methodologies should be used, as appropriate, in conjunction with the UNDP budget. The use of both the zero based and incremental approaches in the budget review process and the tangible contribution that these approaches were making in the formulation of the budget should be fully explained.

551. Several members expressed interest in having more information on miscellaneous income and suggested that in future budget estimates there should be an expanded narrative explanation of miscellaneous or other income and with clear linkages to the specific tables containing income amounts.

552. Most members acknowledged that the quantitative work-load information received from field offices was very interesting and highly relevant, particularly in their consideration of the funding of sectoral support services and the question of Agency overhead reimbursement. It was noted that some field offices showed relatively high percentages of the workload as being devoted to non-UNDP-financed activities. Opinions differed whether the cost of such services provided by UNDP in support of non-UNDP-financed activities should be charged to the appropriate funding Agency or organization. There was also recognition of the fact that the precise attribution of cost which would be a condition precedent to such charging would be extremely difficult to determine and the cost of pursuing the precise identification of the various services might well exceed the benefit derived from such an exercise. Members requested that the Council be kept informed on this question and noted the ongoing discussions between the United Nations and UNDP regarding the UNDP/United Nations reimbursement for the whole range of services provided to and by UNDP and the United Nations. The view was expressed that these discussions should soon be brought to a satisfactory conclusion and that the Council be informed as to their results. One member mentioned the linkage of this question with the implementation of General Assembly resolution 32/197 on restructuring which may eventually change considerably the status of the resident representative's office and thought the time might now be opportune for taking up the subject within the context of the entire United Nations development system. A contrary view was also expressed to the effect that UNDP should proceed with caution in this regard since the provision of such services by field offices could be considered as the price which UNDP had to pay for the Resident Representative's central co-ordinating role. Members confirmed that they wished to continue to be provided with the quantitative workload information as an annex to the budget estimates.

553. Concerning the Capital Development Fund, several members pointed out that General Assembly decision 32/429 determined that the fund should be operated under existing procedures until the end of 1978; therefore it was felt that the Council should reaffirm the decision taken at its twenty-fourth session that the CDF administrative costs should be covered by its own resources as was the case with other voluntary funds (see E/6013/Rev.1, 1/ para. 413). It was noted that the administrative costs for CDF had increased sharply over the last two years and that the resources of the CDF had now reached a level where the burden of administrative costs should be removed from voluntary contributions made to UNDP and charged to the resources of the Fund.

554. Although contrary opinions were expressed, a majority of members supported UNDP's adoption of a biennial budget cycle with the first biennial budget, covering the period 1980/81, to be submitted to the Council at its twenty-sixth session in June 1979. Several members emphasized that the introduction of a biennial budget cycle should in no case be considered as a move towards multi-year commitments to UNDP or be related in any way to the broader question of multi-year pledges to the Programme. Several members stressed the difference between the voluntary nature of the UNDP and the Agencies, the programme budgets which were funded through assessments; another member also drew attention to the importance of linking a biennial budget with an assured financial base, such as multi-year

financing. Members acknowledged the difficulties with which the Administrator would have to cope in preparing a biennial budget, but agreed that these problems should be overcome by the use of flexible and imaginative practices as outlined in document DP/318.

555. Some reservations were expressed about the proposal to introduce a contingency provision in the biennial budget estimates. Several members expressed doubts as to the need for a contingency provision. It was also suggested that UNDP should adopt the concept of "semi-full" budgeting as opposed to "full" budgeting under its biennial budget. The differing views on this question by ACABQ and the Administrative Committee for Co-ordination (ACC) were also noted. The Committee accepted with pleasure the view stated in paragraph 31 of document DP/341 that ACABQ stood ready to assist the Governing Council in its consideration of biennial budgeting and suggested that the UNDP secretariat consult with ACABQ in elaborating the form of the biennial budget to be applied to UNDP.

556. There was considerable discussion on the decision taken at the twenty-fourth session of the Council regarding the submission of reports on the evaluation of past activities and a longer-term review and projection (see E/6013/Rev.1 1/ para. 413). Members generally supported the first interpretation contained in paragraph 2 of document DP/318 under which the evaluation, review and projection would be prepared for submission in non-budget years, i.e. even-numbered years. Thus, the first report of this nature would be submitted in June 1980, although the period to be covered by the evaluation, i.e. 1976-1977 or 1978-1979 appeared unsettled. Also the period to be covered by the longer-term review and projection, i.e. 1982-1985 a four-year period or 1982-1986 a five-year cycle still required further consideration. One member drew a parallel between the new UNDP evaluation of the budget and the United Nations budget performance report, but acknowledged that the timing for this exercise in the United Nations was more favourable than for UNDP. The difficulty for UNDP was that the final, or even near-final expenditure figures would not be available early enough for incorporation in a report to the annual June session in 1980 covering the years 1978 and 1979 which was equivalent to the previous biennium. This difficulty would continue and also affect the report for the 1980-1981 biennium which under the proposed time-table would be due in June 1982.

557. Several members spoke on the type of budget evaluation expected and the meaning of evaluation as used in the Council's decision at its twenty-fourth session. It was generally felt the document should not be a report only on the budget performance for the previous budget period. The report rather should include the broad results achieved in the previous biennial budget period and the lessons which may have been learned or the experience gained which would be of continuing relevance in the formulation of future budgets and/or to the budget monitoring process. The results, experiences and lessons could be synthesized into a conceptual document and a parallel drawn with the ongoing budget period and projected for the upcoming budget periods. Members generally considered that the "evaluation" was one which should be carried out in budget terms rather than in substantive and programme terms. The document which would be reviewed in the even-numbered or non-budget years, could facilitate the consideration of the upcoming budget to be prepared following the guidelines proposed by the Council. Such an exercise could allow the Committee a better and more solid basis for taking a decision on subsequent budgets. The Administrator was requested to submit a short conceptual document in 1980 reflecting the views expressed on this point in the Committee.

558. A number of members underlined the importance they attached to the question of further distinguishing between administrative and programme support costs in the budget documents so that the concerned governmental authorities could better explain to parliaments and others the fundamental differences between these two cost elements. The question was thus seen basically in the context of explaining and justifying their requests to parliaments in order to obtain increased contributions to the UNDP programme. Members however stated that such a distinction should not be derived from a complicated system which would only lead to increased cost. The technical difficulties in achieving a clear separation of programme support from administrative costs were appreciated and note was taken of the fact that there may well be a number of items which do not fall clearly and wholly in one area or the other. One member suggested that this would be an excellent area for co-operation between UNDP and its executing agencies which had to undertake a similar determination in connexion with the agency overhead cost question. Members looked forward to the detailed report on the feasibility of further distinguishing between administrative and programme support costs in the budget documents which were to be submitted for consideration by the Council at its twenty-sixth session.

Observations of the Administration in the Committee

559. The Director, Division of Finance, expressed appreciation for the constructive comments, suggestions, guidance, proposals and requests made by members of the Committee. They would all be studied carefully and where appropriate incorporated in future budget documents. Members were also assured that as had been done with the 1979 budget document, UNDP would continue to work closely with ACABQ and its staff in further refining the presentation.

560. Concerning the distinction between administrative and programme support costs the Director drew the attention of members to annex I of document DP/335/Add.1 which very clearly separated the cost for each of the 109 UNDP field offices into four categories of major programmes: programme management and support; sectoral support, subdivided into the Senior Agricultural Adviser and Senior Industrial Development Field Adviser programmes; and administrative and common services. The Director explained that the estimates for 1979 and also for 1978 had been built up from inputs provided by field offices and that the actual disbursements for 1977 shown for comparison also required a similar distinction in the monthly accounts prepared by field offices. Within each of the programmes there was an element of arbitrariness in that for the sake of simplicity all cost items were deemed to be wholly related to one programme. The time of the resident representative, for example, could be apportioned over all four programmes. However, a resident representative's time was arbitrarily considered as all programme management and support. The Director pointed out to members that to follow any other procedure would have required a two, three or four-way apportionment of every monthly payment and entitlement that a resident representative received, depending on whether the particular field office had sectoral support programmes. The same could apply to other staff as well, or not.

561. Another consideration the Director mentioned was that when preparing field office inputs to the budget formulation process, the resident representatives would have to forecast the appropriate apportionment of their time for a period in the future, an almost impossible task for most resident representatives and their staffs. If this additional work were multiplied by the number of

individual budget items in all field offices, it would readily be appreciated why a pragmatic and more simple approach had been taken by UNDP both for budgeting and accounting purposes. Members were referred to annex II of document DP/335, and Corr.1 which provided similar information separating programme support and administrative costs for headquarters units and other programmes based at headquarters. With respect to headquarters units, the attribution by programme was made for the entire organizational unit and not prorated between the different subprogramme categories.

562. The Director, referring to the United Nations experience with the Cost Measurement System, recalled that many rather subjective judgements on similar questions had to be made and noted the inevitable conflict when endeavouring to operate a budget system and the accounting thereof on as simple a method as possible. This was especially true in view of the variables involved and the desire to avoid increases in the clerical workload in field offices and at headquarters. In this connexion attention was drawn to the further technical report which the Administrator has promised on this subject.

563. Referring to the long-term staff projections contained in document DP/201, the Director confirmed that the Administrator still intended to reach the targets, as adjusted, which had been originally presented in document DP/201 taking into account the assumptions and reservations stated therein. Thus a reduction of 87 locally recruited staff posts would be required over the next three and a half years to reach the 1981 target. It was noted that if the resources of UNDP increased materially so that they could be programmed and utilized in the 1978-1981 period, there might then be a need to review the staffing targets in document DP/201. In this connexion, the Director suggested that perhaps that document could be brought up to date and that once the 1982-1986 IPFs had been calculated, a projection of the long-term staffing needs into the third IPF period could be prepared.

564. Concerning the Quantitative Workload Information in document DP/335/Add.2 and the percentages ascribed by field offices to non-UNDP financed projects and activities, the Director cautioned about moving too fast at this stage to seek reimbursement from the agencies involved. He referred to the discussions which had been under way for some time between the United Nations and UNDP concerning the reimbursement for services rendered to UNDP by the United Nations and the reimbursement to UNDP for services rendered to the United Nations. In these discussions agreement was reached on certain procedures; all the specific details should be finalized within the next several months, including the reimbursement to UNDP for services provided to the United Nations and its various organs or sub-organs.

565. So far as the wide range of percentages of services provided by field offices was concerned, the Administrator was reviewing the arrangements in those countries where the percentage was high, which hopefully would lead to the shifting of some of these costs to the other funding sources and thus provide a measure of relief for the UNDP administrative budget. Concerning the relationship of the cost of a field office to the size of the IPF, the Director agreed that it was only one measure, but it required further interpretation to take into account the type and range of services which for very good reasons may vary from office to office even for countries with about the same IPF.

566. The Director noted the consensus which again emerged regarding shifting the burden of the administrative costs for the Capital Development Fund to that Fund's own resources. He clarified that at present UNDP pays for the administrative costs of the Director and other staff of the CDF secretariat. Concern was expressed about miscellaneous income and the Director referred members to page 55 of document DP/335 and Corr.1, which gave a breakdown of the item and on which further explanations were given. Future UNDP budgets would expand the narrative explanations on income items, he said.

567. In responding to members' questions on particular staff posts, the Director explained why additional secretarial/clerical posts in the European unit had been requested, and why the number of SAAs had been increased from 8 to 12 following the detailed review carried out between FAO and UNDP earlier this year. It had been felt to be in the best interests of the four countries involved for their programmes to continue receiving the services of these sectoral advisers. The Director informed members that the position regarding SAAs would be reviewed again in 1979, but present plans were to phase them out by the end of 1979. Concerning the Senior Industrial Development Field Advisers, UNIDO had given assurances that there was a need for all 36 posts in 1979 as it was predicted that all posts would be filled before the end of 1978.

568. The Director explained the decision which had led to the inclusion of all custodial staff in the staffing table. These staff in the case of most field offices have always been provided within the budget, some under the rental account, others under cleaning services or miscellaneous services accounts, but they had not previously been included in the staffing tables. This was obviously an unsatisfactory situation, particularly since UNDP was currently establishing a computerized staffing table and automated personnel system covering all local staff. In addition, since consideration had been given to the possibility of using a computerized payroll covering local staff, it followed that the field office staffing tables must be complete and follow a consistent pattern. Thus, the incorporation of these staff in the adjusted 1978 and in the 1979 staffing tables was carried out. Subsequently, the establishment of new posts, their redeployment, reclassification, monitoring and control could follow the same procedures as established during 1977/78 for international Professional and headquarters General Service staff.

569. The Director confirmed that UNDP envisaged using the technique known as "full" budgeting as was also used by the United Nations and most other agencies. Using this technique, UNDP would be estimating the full impact of inflation over the biennium in one, not two segments. The Director noted some of the essential differences between the United Nations and UNDP, drawing particular attention to the major difference of having to budget for 108 field offices in addition to the New York headquarters. So far as New York and any other common locations were concerned, UNDP followed the lead of the United Nations Office of Financial Services, but since that Office was able to provide information on only 9 out of 109 locations, this illustrated the extent of the problems encountered by UNDP. The procedure currently followed by UNDP provided for the receipt of the best possible projection and most up-to-date assessment from the resident representative of the Government concerned. The Director explained that these estimates were reviewed at headquarters and were individually applied in the calculation of the local costs of the particular field office. UNDP did not and was not proposing to apply a single global inflation percentage to field office budgets because in view of the relatively small amounts involved such a practice could result in severe cost

distortions for individual offices and would make the allotment/expenditure control much more complicated when a considerable difference between a global percentage and the estimated inflation percentage for a particular country occurred. To move to a semi-full budget system with UNDP's world-wide network of field offices would result in a great deal of additional work to gather all the data required and to keep track of the inflation movements during the course of implementation of the budget. The Director stated, however, that after more experience had been gained over time in the formulation of the programme budget perhaps UNDP could adopt "semi-full" budgeting based on the experiential trends which had been observed.

570. Regarding the United Nations Conference on Technical Co-operation among Developing Countries which would be held in Argentina in August 1978, the Director stated that UNDP had not wished to prejudge the outcome, and the Administrator therefore had maintained the budgetary provision for the Special Unit for TCDC within the Bureau for Programme Policy and Evaluation at its previous level.

571. The Director also explained that the meeting of the General Assembly in the third quarter of the year permitted the United Nations to report to the General Assembly on expenditures made through the end of the previous year. However, the tight schedule for submitting Governing Council documentation for the June session would make it difficult for UNDP to prepare a document in February or March 1980 utilizing actual expenditure figures through the end of the year which had ended only six to eight weeks previously. This timing dilemma was drawn to the attention of the Committee in connexion with the proposed conceptual report and evaluation of past activities. It would be useful if the Committee specified the period to be covered in the June 1980 report so that the necessary action could be taken.

572. A clarification was given as to why the United Nations Revolving Fund for Natural Resources Exploration was financing a post in the Division of Personnel. A considerable volume of work was carried out by the Director of the Fund not only in the search for and selection of the experts, but also in the servicing of the experts recruited for the Fund's projects. Explanations were also given as to the reason for an increase in the budget for policy-making organs in 1978 as compared with 1977 which resulted mainly from the budgeted costs for special translation.

573. Concerning the additional posts for the Office for Project Execution, these were all required to cope with an increasing volume of work under its IPF-funded activities and also for projects financed by the Sahelian Office and by the Capital Development Fund. The costs of these additional posts would, as with other posts so identified, be charged to the separate resource categories.

Decision of the Governing Council

574. At its 623rd meeting, on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/19 on items 17 (d), (e) and (f), the text of which appears in section L of chapter XX of this report.

G. RECRUITMENT AND USE AND PROSPECTS OF REDUCING THE
COSTS OF UNDP-FINANCED EXPERTS

575. Agenda item 17 (g) was considered further in the Budgetary and Finance Committee, following the discussion in plenary meeting. The Committee had before it the documentation referred to in paragraph 68 above, as well as a summary of the discussion of the item in the plenary meeting (see paras. 69-94 above).

576. Introducing the item, the Chairman of the Committee noted that 22 delegations had already expressed their views on the subject and that the summary report on the plenary discussions had been comprehensive. He expressed the hope that members would, in making any additional comments, only make new observations or supplement earlier ones.

577. One member raised a procedural point and wondered whether the Committee should focus its attention on the financial aspects of the JIU report, since the broader aspects of the report had already been discussed in the plenary meeting. Several other members felt that any detailed discussions of the JIU report and the related documents would be premature, since these documents had reached them quite late and their Governments had not had the opportunity to review them carefully. These members did not agree with some others who felt that UNDP and its partner organizations might be asked to implement or continue to implement those recommendations of JIU which they had indicated presented little or no practical difficulties. In this context, one member stated that the central recommendation of the JIU report could have serious implications for the future role of UNDP and the whole United Nations development system. The initial concerns which had prompted the study, namely the increase in expert costs, had been given relatively minor treatment. The JIU proposals on government management, as interpreted by his delegation, implied government execution and a radical shift from the present tripartite relationship between UNDP, executing agencies and Governments outlined in the Consensus. In this connexion, his delegation agreed with the clarification given by the Assistant Administrator, Bureau of Administration, and recalled the decision reached at the twenty-third session of the Governing Council on government execution of projects (see E/5940, para. 76). Since many JIU recommendations stemmed from the central recommendation of government management, its implications deserved very careful and cautious consideration. Other members expressed similar concerns.

578. One member noted the wide divergence of views on specific recommendations. But, she added, her delegation believed that government management as interpreted by the Assistant Administrator, Bureau of Administration, had received broad endorsement. Her delegation also agreed with the latter's statement that UNDP should not be a cheque-writing organization. In her view, the recommendations made by JIU would enable agencies to concentrate more on their substantive contributions.

579. The Chairman suggested that members should meet informally to consider the matter further and reach agreement on a draft decision which the Committee could recommend in the plenary meeting. It was so agreed.

Decision of the Governing Council

580. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/20, the text of which appears in section L of chapter XX of this report.

H. CUSTODY OF UNDP FUNDS

581. For the consideration of agenda item 17 (h), the Committee had before it a progress report on matters relating to the Custody of UNDP Funds (DP/343).

582. The item was introduced by the Assistant Administrator, Bureau for Administration, who referred to the comments made on this subject by the Administrator in his introductory statement to the Committee. In that statement, the Administrator had drawn the Committee's attention to the letters received from the United Nations Under-Secretary-General for Administration and Management which was provided as an annex to document DP/343. The letter reflected the progress made in discussions between the United Nations and UNDP since the twenty-fourth session of the Council and included proposals for delegation of additional authority to UNDP in connexion with certain aspects of the management of bank accounts. The Administrator had stated that, subject to the clarification of certain banking details and related arrangements, he would accept the proposed delegation of authority. He also welcomed the statement made in the letter that the Secretary-General "does not offer any objection to any proposal for the improvement of administrative capability to manage UNDP funds which the Governing Council may wish to recommend to the General Assembly" and expressed the hope that the Governing Council would respond affirmatively in this regard and recommend to the General Assembly and the Economic and Social Council that full delegation of authority for the management of UNDP funds be granted to the Administrator including the investment of UNDP funds and currency management in order to ensure to the fullest extent possible that the Administrator had authority and capability for the sound management of the Programme commensurate with his accountability.

583. The Assistant Administrator, Bureau for Administration, also explained that it had not been possible to provide the Committee at this stage with the comments of the Advisory Committee on Administrative and Budgetary Questions on this matter, since it was necessary for UNDP to study carefully the full implications of the letter received from the United Nations and obtain the clarifications sought, before the matter was placed before the Advisory Committee.

Summary of discussion in the Committee

584. One member, speaking on behalf of his delegation and three other delegations, stated that, while they shared the Administrator's gratitude for the Secretary-General's helpful attitude as reflected in the letter annexed to document DP/343, it was felt that the progress made so far seemed to be more in the area of changes of attitudes rather than changes in substance. These delegations believed that negotiations between the Administrator and the Secretary-General should be continued with the object of securing for the Administrator the full authority to decide on the investment of UNDP funds which would facilitate UNDP's currency management and simplify the procedures relating to the operation of UNDP's bank

accounts. The immediate task for the Council was to remove any legislative constraints standing in the way of further delegation of authority referred to in the letter from the United Nations. The four delegations for whom he spoke would be ready to respond favourably to the appeal of the Administrator and to support a recommendation through the Economic and Social Council to the General Assembly to bring about suitable measures for new legislation to resolve this matter.

585. Several members expressed satisfaction that negotiations between UNDP and the United Nations appeared to be proceeding in a positive direction, and that the matter of custody of UNDP funds was now being handled in terms of delegations of authority rather than the transfer of custodianship per se. They wondered, however, whether as much real progress had been made as the UNDP administration had implied and believed that the full implication of additional delegation of authority still required further clarification. In particular, some members felt that they could not take any decision on this matter until the comments of the Advisory Committee on Administrative and Budgetary Questions had been made available to the Council.

586. Several specific questions were raised regarding the function that would be transferred if a further delegation of authority to the Administrator took place. These included questions on the maximum and minimum levels of funds available for investment, the additional administrative costs to UNDP which a further delegation of authority might involve, and the type of investments presently being made by UNDP.

Observations of the administration in the Committee

587. In response to the questions raised by members in the course of the discussion on this item, the Assistant Administrator, Bureau for Administration, explained that he felt that the comments of the Advisory Committee for Administrative and Budgetary Questions could only be requested when discussions between UNDP and the United Nations had been concluded and a jointly agreed position attained, and when UNDP had been able to complete its study of the detailed banking and other arrangements which would result from the Secretary-General's proposals for further delegation of authority to the Administrator.

588. He recalled that in the past there had been three main causes of concern on the part of the Committee regarding this issue. First, it had been concerned to avoid any unnecessary duplication of effort. He stated that there was no doubt that under the present arrangement some duplications existed with regard to record-keeping. Also the information on which investment decisions were based now had to be provided to the United Nations by UNDP. Second, it was of concern that there should be no undue delay in transferring or investing available funds. In this regard, the Assistant Administrator stressed that while there was no question of criticism regarding the services now provided by the United Nations, since under the present arrangements there could be no direct contact between UNDP and the banks who were holding its funds, some additional delay was inevitable and that, given the sizable amounts involved, even delays of one or two days could be costly in terms of loss of interest income. Third, the Council had shown concern regarding the additional administrative costs which UNDP may have to incur if further delegation of authority took place. The Assistant Administrator stated that under the present agreement with the United Nations, UNDP was presently reimbursing the United Nations for several posts used in

connexion with this work, and that he believed any additional costs to UNDP could be absorbed under the present administrative budget. With regard to work connected with investment decisions, this was now being carried out almost entirely by UNDP staff.

589. In reply to the specific questions raised by members relating to the nature of the investments made on behalf of UNDP, the Director, Division of Finance, referred to the information contained in document DP/336 which gave the full details of the investments held by UNDP as at 31 December 1977. As shown in that document, apart from housing loans, UNDP investments were mainly of a short-term nature, i.e. investments maturing in less than one year, and consisted of funds placed with banks in time deposit, savings and call accounts. He explained that throughout the year, funds were placed for investment taking into account the incidence of collection of contributions, the cash balances on hand, and the projected cash requirements of the programme in each particular currency. This accounted for the different interest rates obtained on different investments at any one time since it reflected investment market conditions at the time the investments were placed.

Decision of the Governing Council

590. At its 623rd meeting on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/21, on custody of UNDP funds. For the text see section L of chapter XX of this report.

I. AGENCY OVERHEADS: PROGRESS REPORT OF THE INTERGOVERNMENTAL WORKING GROUP ON OVERHEAD COSTS 12/

591. For consideration of item 17 (i), the Committee had before it the interim progress report of the Intergovernmental Working Group on Overhead Costs (DP/346; DP/WGOC/L.1 and Corr.1; DP/WGOC/L.2 and Corr.1).

592. The Chairman of the Working Group, in introducing the Group's interim report, said that with the active participation and full co-operation of all members, the Joint Inspection Unit, executing agency representatives and the Administrator, the Group had been successful in arriving at a consensus (DP/WGOC/L.2 and Corr.1, para. 32) on the further course of work on this difficult and delicate subject. The progress report was essentially for the information of the Budgetary and Finance Committee and the Governing Council, although the recommendation for changing the name of the Group to "Intergovernmental Working Group on Support Costs" called for action by the Committee and the Council (ibid., para. 33).

593. One member suggested that in addition to the action mentioned by the Chairman of the Working Group, the executing agencies should be requested to provide information to the Group, at its January 1979 session, on possible measures which could be taken to strengthen their procedures so that the actual level of support cost components could be more clearly identified. There was general support to this suggestion, with a consensus in favour of inviting, rather than requesting, the agencies to provide the information.

^{12/} See annex III to this report for the consolidated text of the Working Group's report.

594. Responding to a question raised in the discussion about agency reactions to the above-mentioned suggestion, one agency representative indicated that, as reiterated in the Working Group discussions, his agency would regard any development towards further cost measurement studies as unwelcome; efforts to show support cost components would be complicated, unproductive of any more useful results and expensive.

595. The representative of the United Nations referred to the Secretary-General's position in favour of a single rate of reimbursement for overhead costs, with such minor modifications as might be agreed upon between the agencies and UNDP and expressed reservations about certain aspects of the Working Group's decision in paragraph 32 of document DP/WGOC/L.2 and Corr.1. He added that if any changes were to be made, they should be within the framework of the present system, that the United Nations could not support the proposal for the discussion of the possible benefits to be derived from adopting a project rather than a programme basis for the calculation of support costs, and that while the United Nations was ready to enter into discussions with the Administrator and the agencies, it was not in a position to accept the limitations of the guidelines in operative paragraph 3 of the decision of the Working Group. He finally reserved the right of the Secretary-General to submit to the General Assembly at its thirty-fourth session further observations or proposals in respect of recommendations which might emerge from the Governing Council in 1979.

Decision of the Governing Council

596. At its 623rd meeting, on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/22 on item 17 (i), the text of which appears in section L of chapter XX of this report.

J. AUDIT REPORTS

597. For the consideration of item 17 (j), the Committee had before it document DP/303 which contained the audited accounts of the participating and executing agencies for the year ended 31 December 1976 relating to the funds allocated to them by UNDP, together with audit reports thereon.

598. Introducing this item, the Director, Division of Finance, explained that under UNDP Financial Regulation 15.2, participating and executing agencies were required to transmit their audited annual accounts, together with the audit reports thereon, if any, to the Administrator for submission to the Governing Council. He pointed out that the main difficulty with the audit reports of agencies was that since the Council no longer met in January of each year there was now a considerable delay in providing the Council with this information. The audit reports and audited accounts were, however, not received in sufficient time each year to be submitted to the Council at its June meeting following the year to which they related.

Summary of discussion in the Committee

599. Several members commented on the disparity in the standard of the audit reports which had been received from the various external auditors. They observed

that in some cases the audit report included valuable information and recommendations relating to the management of the UNDP-financed programme, while in other cases the reports covered only the financial aspects of the accounts and provided no textual information at all for the Council's benefit.

600. Some members stated that where the auditors had provided a detailed report covering financial management aspects of the programme, they had found this information to be of considerable interest and wanted to know whether it would not be possible for the audit reports for all agencies to be submitted in a more standardized format while including the auditor's comments and recommendations on financial and management matters. They felt that priority should be given to improving the content of audit reports in future. Members also noted that in certain cases the audit reports contained recommendations regarding significant programme matters which had been identified in the course of the audits, and they wanted to know what action UNDP took on such matters and how the follow-up on such recommendation was handled.

Observations of the administration in the Committee

601. Responding to the questions raised by members during the discussion, the Director, Division of Finance, explained that a standard format covering the audit reports to be submitted to the Council had not been established. Uniformity of format might be difficult to achieve, particularly since the external audits of the executing agencies were carried out by several different auditors and these audit reports covered all the financial activities of each agency, of which the activities relating to funds provided by UNDP formed only one part. However, in view of the opinions expressed by members of the Council in the course of the discussion, it was suggested that the Panel of External Auditors might be requested to consider the introduction of a standard format for audit reports relating to UNDP activities which could be submitted to the Council. In addition, the Council might recommend that these audit reports include information on financial matters and data of a management nature which would be of interest to the Council. The suggestion was made that emphasis should be placed upon management-type audits covering projects financed by UNDP.

602. With regard to the question of follow-up of recommendations made by the External Auditors, the Director of Finance explained that agency audit reports are reviewed by each agency's own intergovernmental body and any resolutions or decisions taken by such intergovernmental bodies as a result of such reviews are to be provided to the Administrator, who would in turn provide them to the Council. Any matter of a financial nature arising from the agency audit reports are followed up with each agency and resolved by the UNDP Division of Finance.

Decision of the Governing Council

603. At its 623rd meeting, on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/23, on audit reports. For the text see section L of chapter XX of this report.

K. UNDP FINANCIAL REGULATIONS AND RULES

604. For its consideration of agenda item 17 (k), the Committee had before it document DP/325 which contained the proposed text of two new financial regulations needed to reflect previous decisions of the Council with respect to the Operational Reserve and to the Administrator's authority to accept voluntary contributions. It also contained the text of a new financial regulation proposed by the Board of Auditors relating to internal management reviews, audits and controls. The Committee had before it, as well, document DP/325/Add.1 containing the views of the Secretary-General on the proposal made by the Board of Auditors.

605. This item was introduced by the Director, Division of Finance, who explained that the Committee's views were being requested on the three proposed new financial regulations taking into account the Secretary-General's view that the proposed regulation regarding internal management reviews, audits and controls was already adequately covered by the United Nations Financial Regulations and Rules, by virtue of UNDP Financial Regulation 1.7. In addition, UNDP would appreciate the views of the Committee regarding the procedure suggested by the Administrator in document DP/325 in response to the Secretary-General's efforts to achieve greater harmony and uniformity between the financial regulations and rules of the United Nations and those of other United Nations entities under his administrative control.

Summary of discussion in the Committee

606. With regard to the proposed new Financial Regulation 3.5 relating to the Operational Reserve, one member inquired whether the phrase 'shall be maintained at the level of \$150,000,000' implied any restriction on the utilization of Operational Reserve funds, or whether it simply indicated the limit at which the funds of the Operational Reserve should be kept. Some members also queried whether the formulation was appropriate at this stage since, in accordance with the Council's decision at its twenty-second session, 13/ the Operational Reserve would not reach the level of \$150 million on a fully funded liquid basis until 1980.

607. Regarding the proposed new Financial Regulation 3.6 concerning the Administrator's authority to accept voluntary contributions from Governments for projects or programmes which have been authorized by the General Assembly and/or the Economic and Social Council, one member pointed out that under the United Nations Financial Regulations and Rules voluntary contributions could only be accepted provided that this did not involve any additional financial liability for the Organization and suggested that this qualification be added to the proposed UNDP Financial Regulations. The same member wondered whether the advice of the Advisory Committee on Administrative and Budgetary Questions should not be obtained before the Council adopted both the proposed Financial Regulations 3.5 and 3.6.

608. Subject to these requests for further clarification, there was general

13/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A (E/5846/Rev.1, para. 94, sect. II, e).

agreement that the proposed new Financial Regulations 3.5 and 3.6 could be adopted. With respect to the new Financial Regulation 15.4 proposed by the Board of Auditors, however, most members felt that in the light of the views of the Secretary-General as described in document DP/325/Add.1 it was not necessary to adopt such a regulation at this stage. They felt that this matter could be resolved when a new comprehensive set of UNDP Financial Regulations and Rules, compatible with those of the United Nations, was prepared. They further agreed that the Administrator should proceed towards achieving greater harmony and uniformity between the UNDP Financial Regulations and Rules and those of the United Nations in the manner suggested in document DP/325.

Observations of the administration in the Committee

609. Responding to the queries raised by members in the course of the discussion, the Director, Division of Finance, confirmed that the word "maintained" in the proposed financial regulation relating to the Operational Reserve referred only to its level, and did not imply any restriction on the utilization of the funds concerned. He also pointed out that the proposed wording of this regulation, as well as that of the proposed regulation relating to the Administrator's authority to accept voluntary contributions, reflected the language of the appropriate Council decisions. He did not believe therefore that because full replenishments to the Operational Reserve would not be completed until 1980 any particular difficulty would be encountered, since this aspect was also fully covered by a previous decision of the Council.

610. With regard to the proposed regulation dealing with authority to accept voluntary contributions, the Director suggested that the part of United Nations Financial Regulation 7.2, which stated that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization should require the consent of the appropriate authority, be taken into account in the new UNDP Financial Regulations and considered again at the next session of the Council. He also explained that the past practice of the Council had been to adopt financial regulations without obtaining the views of the Advisory Committee on Administrative and Budgetary Questions. That Committee had, however, been aware of the text of the regulations being proposed to the Council.

611. The Director confirmed that it was desirable that the Council adopt the text for new regulations concerning the Operational Reserve and the authority to receive voluntary contributions at this session, since these actions reflected decisions already taken by the Council. This would then enable the Administrator to provide the revised text of all financial regulations approved by the Council, together with the full text of all financial rules promulgated by the Administrator pursuant to those regulations in the report to the next session of the Council. The regulation proposed by the Board of Auditors would be held in abeyance in accordance with the suggestion of the Secretary-General. If the Council agreed with the approach suggested in paragraph 6 of document DP/325, the Administrator would submit a composite document containing the latest Financial Regulations and Rules of both UNDP and the United Nations, together with proposals as to those United Nations Regulations which the Council might adopt for UNDP and those cases where exceptions or additions were required.

Decision of the Governing Council

612. At its 623rd meeting, on 30 June 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/24, on item 17 (k), the text of which appears in section L of chapter XX of this report.

L. SECTORAL SUPPORT

613. For consideration of item 17 (1) of the Council's agenda, the Budgetary and Finance Committee had before it a report of the Administrator (DP/323 and Corr.1 and 2). Introducing the item the Assistant Administrator, Bureau for Programme Policy and Evaluation, informed the Committee that the report was based on extensive consultations with the agencies, including the Inter-Agency Task Force at UNDP headquarters, and discussions with a number of resident representatives. She referred to two of the recommendations in the annex to General Assembly resolution 32/197; first, that the country programming exercise should be broadened and should involve greater agency participation; and, second, that there should be a single designated United Nations official at the country level whose selection should take into account any special sectoral interests of the country concerned. In discussing this issue, the Administrative Committee on Co-ordination had decided that the designated official should normally be the UNDP resident representative and that, given this arrangement, there were various ways of meeting any special sectoral requirements. One of these was to provide special sectoral support to the resident representative. The subject therefore had important policy as well as financial connotations.

614. Apart from the wider issues raised, the Assistant Administrator suggested that the Council might wish to agree on a working definition of sectoral support. She referred members of the Committee to paragraph 10 of document DP/323 and Corr.1 and 2 which proposed that six groups of activities be included. Administrative backstopping was excluded on the grounds that it was financed from agency overhead costs.

615. The Assistant Administrator also drew attention to the many different ways in which agencies provided sectoral support and particularly to paragraph 37 of document DP/323 and Corr.1 and 2, which set out the considerations to be taken into account in determining an appropriate means of providing such support. It was difficult to select a single optimum mechanism because of the need to adjust to the circumstances of different countries and agencies. Consequently, although the Council had requested a set of consistent and comprehensive criteria for financing sectoral support, it was impossible to evolve an across-the-board formula. Because of the need to concentrate UNDP resources on operational programmes, the Administrator was proposing the financing of sectoral support costs exclusively for UNDP-financed technical co-operation and only to the extent that the agency was unable to finance such support. The Administrator was therefore suggesting that the Council decide upon a working definition of the kind of sectoral support which would qualify for UNDP financing, and agree on a financial allocation for sectoral support under field programme costs. It was proposed that the Council should authorize the Administrator to distribute this allocation among agencies, on the basis of the need for such support in different sectors and taking into account alternative sources of financing, and should authorize the Administrator to reach agreement with each agency concerned on the best means to provide sectoral support, as well as on a possible sharing of the relevant costs.

616. The Assistant Administrator acknowledged that this proposal was not the clear formula that the Committee was seeking, but she emphasized that it was the result of extensive consultations and provided a pragmatic solution to the complex issue at hand.

Summary of discussion

617. Members of the Council referred to the growing importance of sectoral support as an element of technical co-operation and emphasized the need to resolve the question of how it was to be financed within the United Nations system. Most members welcomed the report by the Administrator, although a number of members considered that it provided them with insufficient information to reach a decision on many of the complex questions involved. Two members indicated that there were passages in the report which they could not understand. One member suggested that the report took too narrow a view of sectoral support and did not set out the options for the long-term financing of sectoral advisers that had been requested by the Council at its twenty-fourth session (see E/6013/Rev.1, 1/ paras. 436 and 440). This member requested an in-depth study of the optimum means of providing sectoral support. A number of members stated that the report did not give sufficient attention to the question of the demand for sectoral support and one member suggested that an estimate of requirements should be made on a country-by-country basis.

618. Differing views were expressed on many of the proposals contained in document DP/323 and Corr.1 and 2. Most of the discussion focused on the various alternative means of financing sectoral support. Some members referred to the positions they had taken on this issue in other United Nations forums, although one member said that he hoped there would not be a recurrence of the situation where a Government expressed opposing views on this subject in different intergovernmental bodies.

619. One group of members expressed the view that sectoral support, particularly sectoral advisers, should be funded from the regular budgets of the agencies. They stated that many of the responsibilities of sectoral advisers were unrelated to UNDP activities or to the country programme. They also mentioned that agency involvement in technical co-operation activities, such as sectoral support, was often included in the agencies' mandates. They pointed out further that the JIU report on expert costs (DP/302) recommended that sectoral advisers should be financed from agency regular budgets. Notwithstanding his view that sectoral support should be financed in this manner, one member, speaking on behalf of a number of members, emphasized that this should not detract from the leadership role of resident representatives, to whom sectoral advisers should continue to be responsible at the field level. One member expressed the opinion that sectoral support should be financed jointly by UNDP and the agencies as an expression of partnership between them.

620. Another group of members felt that sectoral support should be financed from voluntary contributions, such as those of UNDP, rather than by assessed budgets. Some members of this group pointed to the central role of UNDP as one reason why sectoral support should be financed from UNDP resources. In supporting voluntary

funding, a number of members thought that financing should be provided from the IPF rather than from the administrative and programme support budget on the grounds that such an approach would better integrate sectoral support into the country programming process.

621. A number of members, referring to the differing views expressed by the agencies and emphasizing the complexity of the matter, endorsed the diversified approach proposed by the Administrator. The representatives of four agencies addressed the Committee and expressed their support for the Administrator's proposals. The representative of the Inter-Governmental Maritime Organization (IMCO), referring to the earlier statement by the Secretary-General of IMCO in the Council (see DP/L.327/Add.1, para. 71), reiterated IMCO's hope that UNDP would be able to provide financing for urgently needed sectoral support in the maritime field.

622. The representative of the United Nations Industrial Development Organization (UNIDO) stressed that the Senior Industrial Development Field Advisers (SIDFAs) at the country level were supported by regional and interregional advisers financed from UNIDO's regular budget and by Junior Professional Officers financed by member countries. Following the decision of the Governing Council at its twenty-fourth session (see E/6013/Rev.1, 1/ para. 413 (14) and (15)) and in line with General Assembly resolution 32/165, UNIDO was exploring the possibility of funding some SIDFA posts from non-UNDP sources. Of the 60 SIDFA posts proposed by the Industrial Development Board and endorsed by the General Assembly, UNIDO was proposing for the next biennium a target of 15 posts to be funded from the UNIDO regular budget, five to be funded from voluntary contributions and the remaining 40, rather than the total of 60 which had been included in the table on page 11 of document DP/323 and Corr.1 and 2, to be funded by UNDP.

623. Several members expressed support for the definition of sectoral support contained in paragraph 10 of document DP/323 and Corr. 1 and 2. Of those supporting UNDP financing of sectoral support, a number endorsed the idea of a ceiling on such financing, although some questions were raised about the modalities of the financial arrangement with the agencies. The Administration was also asked to clarify a number of other specific points in the Administrator's report, in particular with regard to various aspects of the proposals contained in paragraph 41 of the same document.

624. In view of the number of outstanding issues and the conflicting views on this subject, a number of members suggested that a decision on this matter should be postponed.

Observations of the administration in the Committee

625. In responding to the points raised in the discussion, the Assistant Administrator, Bureau for Programme Policy and Evaluation, said that the widely divergent views expressed and the difficulty of reaching a universally applicable conclusion were a reflection of the complexity of the subject matter. There had been a considerable number of studies of the subject over many years, none of which had produced a clear conclusion. Document DP/323 and Corr.1 and 2 was in fact an in-depth study. It was a synthesis of a mass of information from countries, agencies and resident representatives and its length did not reflect

the large amount of staff time which had been required for its preparation. In response to comments that the report did not adequately reflect the recommendations in General Assembly resolution 32/197, the Assistant Administrator said that the resolution had not been adopted until December 1977, by which time the study had been well advanced, and the details of its application had not been decided upon until May 1978 by which time the report had been finalized. With regard to the definition of sectoral support, the Assistant Administrator said that there had been difficulty in agreeing on a definition. The Programme Working Group (PWG) had suggested the restrictive definition in paragraph 10 of document DP/323 and Corr.1 and 2, which should be read in the context of the preceding paragraphs.

626. The Assistant Administrator responded to a number of questions regarding specific points in that report, paying particular attention to queries regarding paragraph 41. She indicated that the ceiling in paragraph 41 B was proposed in order to avoid an open-ended arrangement. The data contained in the table on page 11 of the report were illustrative and showed a requirement of some additional \$2.8 million, a figure which the Committee might wish to reduce. The UNIDO representative's reference to the reduction in the immediate requirement for SIDFAs from 60 to 40 was relevant in this respect. In any event, the use of any additional resources would be carefully controlled by the Administrator on the basis of consultations with the countries and agencies concerned. Each individual case would be carefully considered on its merits and the Administrator would report to the Council on the use made of the funds.

627. The Assistant Administrator recognized that the arrangements proposed in the report were neither a neat formula nor an optimum solution, the reason being that it was doubtful whether these objectives could be achieved. Rather they were a pragmatic solution which was adaptable to the situation in different countries and agencies and which allowed maximum use of other forms and sources of sectoral support as well as alternative means of funding them. The Administration would welcome the Committee's suggestions for a better solution but, lacking that, the Assistant Administrator suggested that the proposed approach should be adopted on an experimental basis and reviewed after one year. The Administrator would use the facility with prudence, ensuring that all activities undertaken responded to a priority need and could not be otherwise financed. The Assistant Administrator closed her remarks by urging the Committee to reach a consensus on this issue and by expressing the hope that another study would not be requested since this would only postpone a decision, while at the same time involving considerable staff and financial resources with little likelihood of any significant benefit.

Decision of the Governing Council

628. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee following a series of informal consultations, adopted decision 25/25 on item 17 (1), the text of which appears in section L of chapter XX of this report.

M. CONSULTATIVE GROUP ON FOOD PRODUCTION AND INVESTMENT

629. Introducing agenda item 17 (m), the Assistant Administrator, Bureau for Programme Policy and Evaluation, informed the Committee that document DP/304 responded to a request by the Council at its last session for a report on the

activities of the Consultative Group on Food Production and Investment (CGFPI). As indicated in the document, the co-sponsors of the CGFPI, namely the Food and Agriculture Organization of the United Nations, the World Bank and UNDP, had evaluated the activities of the Consultative Group and had concluded that the terms of reference established for CGFPI were so wide as to be unattainable, given the resources available to it. While recognizing the importance of food production and distribution, the evaluation report noted that assistance in these areas could be provided through already established channels. The Assistant Administrator said that the report concluded that the CGFPI could have only a marginal influence on decisions regarding activities relating to food production and investment, and it therefore suggested that the CGFPI be disbanded. The co-sponsors would continue to provide assistance in the area of food production and investment as a part of their normal activities.

Summary of discussion in the Committee

630. Members addressing themselves to this subject expressed their appreciation for the report by the Administrator (DP/304) and agreed to the disbanding of the CGFPI, noting that this would not have any adverse repercussions on developing countries and would result in some very necessary financial savings. One member inquired about the recovery of the UNDP contribution to the CGFPI for the second half of 1978.

Observations of the administration in the Committee

631. In response to the question raised, the Director, Division of Finance, informed the Committee that UNDP paid its contributions to the CGFPI quarterly on the basis of their actual disbursements so that any funds not spent would remain with UNDP.

Decision of the Governing Council

632. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/26 on item 17 (m), the text of which appears in section L of chapter XX of this report.

N. OTHER MATTERS

633. Under agenda item 17 (n), the Committee considered five other matters: (1) a request by the International Telecommunications Union (ITU) for additional overhead reimbursement for 1977; (2) the fisheries vessels pool; (3) review of a draft decision of the Committee on TCDC; (4) Inter-Agency Procurement Services; and (5) a proposal relating to Governing Council documentation.

Request by ITU

634. The first of these items to be discussed was a request by ITU for additional overhead reimbursement for 1977. In introducing this topic, the Director, Division of Finance, drew the Committee's attention to document DP/345 which included as an

annex a communication dated 12 May 1978 from the Secretary-General of ITU to the Administrator of UNDP requesting an additional overhead reimbursement to ITU covering the financial year 1977 in an amount of 522,000 Swiss francs which, at the official United Nations rate of exchange of SF 1.93 to the US \$1.00, would equal \$270,466. The Director recalled that at its twenty-first, twenty-second and twenty-fourth sessions, the Council had authorized additional overhead reimbursements to ITU in response to similar requests.

635. The representative of ITU supplemented the views of his agency as contained in the annex to document DP/345. He pointed out that whereas in 1971, delivery of \$10 million would have produced the equivalent of 5.6 million Swiss francs at the then prevailing rate of exchange, it would in 1978 produce the equivalent of only 2.7 million Swiss francs at current rates of exchange. In other words, ITU would now have to deliver a programme of more than \$20 million to earn overhead in the equivalent amount of Swiss francs which delivery of \$10 million would have produced in 1971. The problem, therefore, was largely brought about by instability in the exchange rates concerned. ITU would like to assure the Committee that it had tried to carry out the support services required with maximum economy, but stressed that a minimum service was essential if its UNDP-financed programme activities were to be effective. As stated in the annex to document DP/345, ITU hoped some interim solution to this problem could be found and put into effect until 1982, when a new system for reimbursement of overhead to executing agencies may be introduced as a result of the work of the Intergovernmental Working Group on Overhead Costs. This would give ITU a measure of stability for the intervening period which would enable it to plan its work in an orderly fashion and benefit the UNDP programme as a whole.

636. In reply to questions raised by members in the course of the discussion, the representative of ITU explained that approximately 20 per cent of its technical assistance programme in 1977 was financed under trust fund arrangements with two Governments which had agreed that ITU draw more than 14 per cent of the expenditures under these trust funds as compensation for services performed.

637. Most members agreed that ITU's request for additional overhead reimbursement for 1977 should be granted in the same manner as in previous years and that a permanent solution to the problem should await the results of the work of the Intergovernmental Working Group on Overhead Costs.

Decision of the Governing Council

638. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/27, the text of which appears in section L of chapter XX of this report.

Fisheries vessels pool

639. For its consideration of the second topic to be discussed under agenda item 17 (n), the Committee had before it document DP/311, a progress report on the operation of the fisheries vessels pool which had been prepared by the Food and Agriculture Organization (FAO) and reviewed by UNDP.

640. Introducing the item, the Director, Division of Finance, drew the attention of members to the comprehensive report submitted by the Administrator and informed

them that the specific guidance of the Council was sought on part VI of the report, which described the three basic ways in which the services of additional vessels could be obtained, namely (a) by chartering vessels from the commercial sector, (b) by leasing research vessels "between assignments" from Governments or institutions, and (c) by purchasing already constructed vessels or commissioning the construction of new vessels. In the light of the views expressed by members of the Council at this session, the Administrator could make specific proposals on this matter at its next session.

Summary of the discussion in the Committee

641. One member asked whether maintenance costs had been taken into account in the comparison between using a vessel from the pool and chartering a vessel from the commercial sector. He also wanted to know whether UNDP paid FAO for administering the pool as well as reimbursing the agency for the overhead costs incurred with respect to projects using the vessels. With regard to the suggestion in the report that the cost of constructing new vessels might be met out of accumulated non-convertible currencies, he could not endorse this as it was an example of tied aid. Having noted the problems described in the report, in particular the problems of flag allocation and cancellation and of under-utilization, he concluded by suggesting that the vessels pool might hold considerable potential for TCDC.

642. Another member said he had found the report encouraging and expressed support for continuation of the pool and for the use of accumulated non-convertible currencies as proposed in the report. He asked whether any changes were foreseen in handling the question of ownership of the vessels, informing the Committee that under the bilateral aid programmes of his Government title to vessels were vested in the recipient Governments. Another member requested information regarding vessels purchased with UNDP funds before the date of the pool agreement.

643. The representative of FAO replied to the questions raised. He confirmed that in comparing the cost of using a pool vessel with that of chartering, the same parameters had been used and all maintenance costs had been taken into account. The higher cost experienced in the commercial sector could be attributed to the profit margin element together with a factor to guarantee against financial embarrassment. He explained that no overhead payment is made by UNDP to FAO for administering the pool. With regard to the flag problem steps were being taken to simplify the free passage of vessels as described in the report and the under-utilization was not a result of the flag problem. He endorsed the suggestion that TCDC could be supported by the vessels pool. In response to the inquiry regarding ownership, he did not feel that this presented a significant problem under present arrangements. In conclusion, he assured the Committee that UNDP and FAO were in continual contact regarding efforts to obtain the return of more vessels to the pool.

644. The Director, Division of Finance, added that the use of accumulated non-convertible currencies for the purposes mentioned in the report would be very advantageous for UNDP and the matter had been raised in the recent discussions on that subject. Regarding the difficulties sometimes encountered in returning vessels to the pool, the Committee would be advised of any major problem arising in this respect.

Decision of the Governing Council

645. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/28, the text of which appears in section L of chapter XX of this report.

Consideration of the draft decision on technical co-operation among developing countries (TCDC)

646. At the request of the Committee on TCDC, the Budgetary and Finance Committee reviewed operative paragraph 4 of the draft decision on TCDC which proposed the addition of a post in the Special Unit for TCDC, provided there was agreement at the United Nations Conference on TCDC that the need for this post would continue after the Conference.

647. The Co-ordinator for the Special Unit for TCDC briefly outlined the reasons for the request for the additional post. The financial implications were provided by the Director, Division of Finance, as \$13,100 to cover a P-4 post for three months in 1978, and \$27,000 to continue the post for an additional six months in 1979. Reference was also made by the Director to the discussions and observations of the UNDP administration in the Committee on TCDC as reflected in paragraphs 42 and 59 of document DP/L.325.

Summary of discussion in the Committee

648. A number of members expressed support for the request for the establishment of a P-4 post for the TCDC Unit particularly as it was based on extensive discussions in both the Committee on TCDC and in its informal drafting group. Several members inquired as to whether the budget estimates had made provision for this item. Amendments to the draft text were proposed, namely to replace "now" at the beginning of the draft text by "1 October 1978"; and to add, after the words "administrative budget" in line two, the phrase "of UNDP".

649. One member sought clarification of the Budgetary and Finance Committee's role, function and procedures for reviewing a draft decision of the Committee on TCDC. Specifically, he wanted to know whether the draft text could be changed by the Budgetary and Finance Committee; or whether any changes should be referred back to the Committee on TCDC for consideration; or whether the Budgetary and Finance Committee would include in its report to the plenary recommendations for changes to be made in the TCDC Committee's draft decision. The Chairman in responding explained that it was not for the Budgetary and Finance Committee to challenge the thrust or substance of a draft decision adopted by the TCDC Committee, but it was for the Budgetary and Finance Committee to exercise its role of reviewing the financial implications of decisions that were presented to the Governing Council, and in the case in point to examine the specific request for the creation of an additional P-4 post in the Special Unit for TCDC along with the financial implications of the decision as it related to the 1978 and 1979 administrative budget.

650. Extensive discussion ensued on whether additional funds should be appropriated to finance the additional P-4 post, and whether and in what manner an amendment could be introduced to the TCDC draft decision authorizing the Administrator to

fund the post from within the level of the administrative budgets for 1978 and 1979. One member also pointed out that the additional expenditures proposals (DP/317) must have been under preparation at the same time as the 1979 budget estimates and therefore the Administrator had had the opportunity to provide for at least the 1979 cost of the additional post in the 1979 budget estimates. Several members, recalling the relevant debate in the Committee on TCDC, stated that that Committee had accepted that the UNDP administrative budget would be used to meet the cost of the additional post for nine months, but that the request for mission costs and consultants to be met from the administrative budget had not been endorsed. The point was also made that the wish of developing countries to ensure the success of the TCDC Conference was a factor to be taken into account during the review of operative paragraph 4 of the draft decision.

651. The consensus that emerged from the discussion in the Budgetary and Finance Committee was to specify the grade level of the post and the duration for which the post was provisionally authorized, and to request that these points be added to the TCDC Committee's draft decision in addition to the amounts required in each of the budget years 1978 and 1979.

652. Although initially a number of members were in favour of approving additional appropriations for the additional post in 1978 and 1979, it was finally agreed to request the Administrator to endeavour to absorb the additional cost of the post from within the existing appropriations. Should the Administrator be unsuccessful in this endeavour then resort could, of course, be made to a request for a supplementary appropriation. It was agreed that this procedure would permit the Special Unit for TCDC to be strengthened without unnecessarily tying up additional financial resources.

Observations of the administration in the Committee

653. The Director, Division of Finance, commenting on the procedural question, stated that, in exercising its function with particular reference to the budgetary and financial aspects of operative paragraph 4 of the draft decision, the Budgetary and Finance Committee could recommend that certain non-substantive amendments be introduced into the draft decision of the TCDC Committee in plenary meeting to add clarity to the text and to take into account the financial implications involved. The Budgetary and Finance Committee could also suggest at plenary meetings a method for financing the proposal. Members were informed, too, that the Administrator, in accordance with normal procedure and not wishing to anticipate the decision of the Sessional Committee on TCDC, had not included a provision for the additional P-4 post in the 1979 budget estimates. The 1978 budget had, of course, been approved at the twenty-fourth session of the Council in June 1977 well before the new proposal was made and therefore it could not have been included in that budget.

654. In response to the concerns which had been expressed, the Director assured members that since the financial amounts involved were modest, the Administrator would endeavour to absorb the additional costs of the P-4 post within the 1978 and 1979 net appropriations of \$65 million and \$70 million respectively.

Recommendation of the Committee

655. The Budgetary and Finance Committee decided to recommend the deletion of the word "now" at the beginning of the text of operative paragraph 4 of the draft decision, and to insert the words "1 October 1978" in its place; to insert after the words "administrative budget" in the same paragraph the phrase "of UNDP"; to replace the words "additional post" by the words "additional provisional post at the level of P-4 for the period of nine months". Operative paragraph 4 of the draft decision on TCDC as recommended by the Budgetary and Finance Committee with the additions underlined would then read:

"4. Decides, as an interim measure between 1 October 1978 and its next session to authorize the Administrator to fund from the administrative budget of UNDP an additional provisional post at the level of P-4 for the period of nine months in the Special Unit for TCDC, provided there is agreement at the United Nations Conference on Technical Co-operation among Developing Countries that the requirement for this post continues after the Conference;"

656. In addition, in connexion with the provisions of operative paragraph 4 of that draft decision, as amended, it was agreed to suggest that the following text be added to the decision on agenda item 17 (d): 14/

"Requests the Administrator to endeavour to absorb the cost of an additional provisional post at the level of P-4 amounting to \$13,100 in 1978 and \$27,000 in 1979 from within the approved appropriations for those years".

Interagency procurement services

657. For its consideration of interagency procurement services, the Committee had before it a report by the Administrator (DP/327 and Corr.1).

658. Introducing this item, the Assistant Administrator, Bureau for Special Activities, informed the Committee that the work of the Inter-Agency Procurement Services Unit (IAPSU) had now reached the operational stage. In close consultation with the executing agencies, purchasing through the services of the Unit had commenced. This had been effected with a minimum of staff, as requested by the Committee last year, and the Unit was trying to use existing machinery, both within UNDP and in the agencies, as far as possible.

659. The Assistant Administrator informed the Committee that it was estimated that approximately \$100,000 had already been saved in 1978. He regarded this as a significant amount considering the relatively small number of items which had been purchased, mainly electric typewriters and data processing supplies, and the short time during which the Unit had become operational. He drew particular attention to that part of the report which described the large potential savings that might be realized when IAPSU began to operate extensively in purchasing vehicles and office equipment. He also referred to the Unit's work programme from 1978 to mid-1979, and to the proposed additional tasks of the Unit in relation to TCDC.

14/ See para. 9 of decision 25/19 in section L of chap. XX of this report.

660. With regard to TCDC, the Assistant Administrator informed members that the International Trade Centre (ITC) was engaged in a similar programme, gathering data on the availability, quantity and quality of equipment and supplies from developing countries, and he had recently learned that ITC might be able to become an agent of IAPSU for this purpose. If this could be done, perhaps the \$50,000 requested in the report for 1978/1979 could be applied towards a co-operative effort with ITC. He sought the advice of the Committee on this question.

Summary of discussion in the Committee

661. Many representatives commented favourably on the progress made to date by IAPSU and expressed their general support for the future plans of the Unit as reflected in document DP/327 and Corr.1. Some of them were particularly appreciative of the approach being taken towards procurement from developing countries, and agreed with the Assistant Administrator's proposals regarding co-operation with ITC.

662. One member, supported by another, queried whether it was advisable to make extensive purchases of electric typewriters, when manual ones were more rugged and easier to service. He was also concerned about the suggestion that 4,000 to 5,000 new vehicles might be purchased in a period of 12 months and noted that several developing countries now have their own local vehicle assembly plants. This seemed to be an excessive number and the idea of purchasing one model in such a quantity did not seem to take account of the wide difference in climatic conditions, availability of spare parts, and after-sales service possibilities existing in the developing countries.

663. Some members felt that there was not at present a sufficiently wide geographical distribution of sources of supply and feared that central procurement might not improve this situation. There was concern expressed also that where a large number of agencies was involved, there was a danger that too conservative an approach may be taken by adopting practices only acceptable to the largest number of agencies. Similarly, there was a danger that where procurement was carried out on a large scale, small firms capable of providing good quality products might be overlooked in favour of the large multinational organizations. It was important therefore in order to avoid restrictive practices that IAPSU strive for a wider spread of suppliers, including especially those from developing countries. Some members noted with approval the references in the report to the planned attempts to find ways of increasing the utilization of non-convertible currencies.

664. One member stated that in the view of his delegation the Unit had been originally established with the clear and primary objective of achieving savings. It appeared now that three additional objectives were being added; namely to further TCDC activities, to increase the utilization of non-convertible currencies, and to increase procurement from developing countries. With regard to TCDC, he felt that this did not reflect the spirit of the Council's decisions and recommended that any decision on this aspect of the report be postponed until after the TCDC Conference in Buenos Aires. Concerning non-convertible currencies, he felt that it would be unfortunate if any excessive or special measures were taken in this respect. Several members expressed their agreement with these views. The same member later stated that his Government would be prepared to consider financing through established trust fund arrangements through ITC the

\$50,000 required for a project the purpose of which would be to assist IAPSU in acquiring information on possible sources of supply in developing countries.

665. Opinions were divided regarding the additional funds requested for 1978-1979 amounting to \$50,000, in order to implement that part of the proposed work programme which was designed to promote increased procurement from developing countries. Some members were prepared to agree with the proposals, others felt that no decision should be taken until after the TCDC Conference.

666. The representative of ITC explained that his organization already had a small programme concerned with gathering information on under-utilized markets, and identifying and assessing possible sources of supply in developing countries. His organization would be pleased to support the interagency procurement programme and to supply UNDP with the information acquired on this subject. ITC would also certainly examine the possibility of doing this by means of a trust fund.

Observations of the administration in the Committee

667. The Assistant Administrator expressed his thanks for the positive reaction and understanding towards this activity which members had shown in the course of the discussion. He emphasized that this was not simply a UNDP exercise, but a joint co-operative effort on behalf of the whole United Nations system.

668. Responding to the several reservations and questions which members had raised, he first explained that electric typewriters were not being shipped in large quantities to field duty stations where they would be impractical, but were needed principally at the headquarters of organizations, in particular where there were large publishing centres.

669. He said that it was perhaps unfortunate that the term TCDC had been used as shorthand for what was really an attempt to find good equipment at low cost in the best prevailing markets, including those which may be available in the developing countries. He agreed with one member that TCDC was not a mechanism, but a concept. The purpose of using ITC was to explore specific markets in order to ensure that good sources of supply were not being overlooked.

670. With regard to the question of motor vehicles, the Assistant Administrator emphasized that the figure of 4,000 to 5,000 referred to in the report represented the needs of all agencies under all sources of financing and was mainly for vehicles shipped to the field. He did not believe the estimate to be excessive, bearing in mind that between June 1975 and June 1976, a sample of only seven agencies purchased approximately 2,000 vehicles, of which the vast majority were station waggons, trucks, buses, vans etc. A detailed analysis of the situation regarding vehicles would be included in the comprehensive report which would be submitted to the Council at its twenty-sixth session.

671. He confirmed that the main objective of IAPSU was to save on costs without lowering standards and that the main difficulty was to achieve the right balance between finding a wide spread of suppliers while obtaining the best prices available. But there was no doubt that present practices were wasteful, and for many years agencies had felt the need for better information. One of the main purposes of the Unit would be to disseminate information by means of information sheets and news bulletins, and it was hoped that this activity alone would result in large savings.

672. The Assistant Administrator also agreed that the danger of the lowest common denominator approach in terms of reaching interagency agreement would have to be avoided and also that one of the concerns of the unit would have to be to avoid dominance by any single supplier or group. He also stressed that the Unit would not question whether or not a specific item was required. This would have to be decided by the agencies themselves.

673. Regarding the proposal to enlist the co-operation of ITC, he expressed his appreciation for the very fair response by the member of the Committee who had indicated that his Government might be prepared to finance this activity through its contribution to ITC. If this could be agreed upon with ITC, UNDP would withdraw its request for an additional \$50,000 for this purpose.

Decision of the Governing Council

674. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, adopted decision 25/29, the text of which appears in section L of chapter XX of this report.

Governing Council documentation

675. One member, speaking on behalf of four delegations, expressed his concern over the increasing volume of documentation before the Council. Estimating the cost of preparing the various studies and reports for this one session alone, as well as the cost of preparing the report of the current session itself, he emphasized that the IPFs of several recipient countries were not as great as the resources devoted to the production of documentation. He said that though he and the other members for whom he spoke were not in a position to propose measures which would directly reduce the amount of documentation, he wished to make a few proposals which might make the documentation more manageable, lower the cost of its production and bring the Council closer to the practices of other subsidiary bodies of the Economic and Social Council.

676. In addition to some suggestions regarding the format of documents, the member proposed that the new and improved annotated agenda become a regular feature and that a special effort be made to have it issued six weeks before the beginning of the session; that the financial implications of each request for a report or study be considered before a decision was taken; that the report of each Governing Council session be patterned after the official records of the General Assembly and the Economic and Social Council with references to the summary records replacing the more concise summary of the Council's deliberations that now constituted the Council's report; that oral presentations be substituted for interim reports as far as possible; and that the Governing Council decisions be identified by a code system similar to those of other United Nations bodies, designed so that it could be applied retroactively to all Council decisions.

Decision of the Governing Council

677. At its 625th meeting, on 3 July 1978, the Governing Council, on the recommendation of the Budgetary and Finance Committee, following a series of informal consultations, adopted decision 25/30, the text of which appears in section L of chapter XX of this report.

XIV. UNITED NATIONS FUND FOR POPULATION ACTIVITIES

678. Under item 18 of its agenda the Council had before it:

- (a) Report of the Executive Director on 1977 activities and the future programme (DP/308 and Corr.1 and 2; DP/308/Annex and Corr.1);
- (b) Evaluation of UNFPA projects (DP/331);
- (c) Support of intercountry activities (DP/332);
- (d) Projects and country agreements (DP/FPA/8; DP/FPA/8/Add.1 and Corr.1; DP/FPA/8/Add.2-4 and Add.4/Corr.1; DP/FPA/8/Add.5-9 and Add.9/Corr.1);
- (e) Approval authority (DP/310 and Corr.1);
- (f) Budget estimates for the administrative and programme support services for 1979 (DP/333); and ACABQ comments on the budget estimates (DP/344);
- (g) Report on UNFPA Field Co-ordinators (DP/307);
- (h) Audit reports (DP/306 and Add.1).

679. The UNFPA budget estimates for 1979, the report on UNFPA Field Co-ordinators and the audit reports were considered by the Budgetary and Finance Committee which reported thereon to the Council (see paras. 718-735 below).

Consideration by the Governing Council

680. The Executive Director of UNFPA noted that in 1977 a total of \$81 million had been allocated for population projects and the rate of implementation was 82 per cent. The proportion of UNFPA allocations to family planning and related projects had again increased in 1977 and, as a result of data collection and analysis projects which led to the adoption of appropriate population policies by developing countries, a further growth in demand for family health and family planning projects could be expected.

681. He said that the expenditures in 1977 remained at about the 1976 level, although there had been a 15 per cent increase in resources. The assessments of basic needs in the fields of population required considerable time and thus often delayed the starting of new programmes. In the long run, however, the needs assessments would speed up the programming cycle. Towards that end UNFPA had begun to standardize and accelerate the procedure for basic population programme formulation. Appraisal of basic needs on population had been completed in eight countries in 1977, and in four others in early 1978. Two large-scale programmes, now submitted to the Council, had evolved from this exercise. As to the shift of resources to priority countries, it was made initially difficult in view of the limited capacity of some countries to plan and implement population programmes. In 1977, UNFPA allocations in priority

countries increased to 46 per cent of the country programmes as compared to 39 per cent in 1976.

682. The temporary slowing down of the growth in UNFPA allocations and expenditures that occurred in 1977 was not anticipated to continue in 1978 because of a number of steps UNFPA had taken: the internal programme planning mechanism as well as the internal monitoring and implementing procedures had been improved; a mechanism had been established for regular review with the executing organizations of the status of implementation; and the field staff had been strengthened, especially in Africa where many priority countries were located. A substantial increase in UNFPA's programming and implementing capacity could be confidently expected. Allocations already made in 1978 equalled \$105 million, the level of the approval authority and additional project requests would enable an increase to \$115 million by utilizing unallocated resources.

683. The fund-raising target of \$105 million for 1978 had already been reached, and all of the Fund's major donors had increased their pledges for 1978. Pledges foreseen for 1979 were around \$120 million.

684. Turning to intercountry activities (DP/332), he said that in preparing the relevant recommendations, UNFPA had reviewed the major areas requiring such support. Particular attention had to be drawn to the rationale for UNFPA support of intercountry projects, and to the priority areas for future support. A percentage level of UNFPA programme resources to be devoted to intercountry activities was being proposed and a range of 25 to 30 per cent would be essential to meet critical gaps in the major sectors at the intercountry level. It would also ensure that the needs of country programmes were met. About half of the resources currently allocated at the intercountry level were providing direct assistance to country projects, and commitments had been made for the demographic centres and for training programmes. The scope for other programmes, on research and exploration of innovative approaches was therefore quite limited. But the imposition of a more restrictive ceiling would be detrimental to meeting over-all UNFPA objectives. The approval of large-scale intercountry projects by the Council should assure Council members that approvals for intercountry programmes would be addressed to the most urgent areas.

685. The Executive Director reported that there had been a net reduction of 24 professional population posts in other United Nations organizations which had been supported by UNFPA, of which nine had been absorbed into the regular budgets of the organizations.

686. He then introduced the projects being submitted for Council approval. Regarding the proposed programme in Viet Nam, the project component on population activities in the new economic zones would be revised to deal with family planning and population education activities, the cost of which was estimated at \$3.4 million, leaving a similar sum to be added to the programme reserve. In this connexion, the Executive Director drew attention to document DP/FPA/8/Add.4/Corr.1. With regard to the United Nations-Romanian Demographic Centre, discussions would soon be initiated with the Romanian Government.

687. Turning to TCDC, he said that UNFPA had, from its inception, stressed programmes promoting national self-reliance and regional co-operation in the population fields and that much of UNFPA assistance was going precisely for this

purpose. UNFPA was participating fully in the preparation of the United Nations Conference on TCDC and was planning to take active part in it. In the area of direct execution by recipient countries, a level of \$22.4 million, or 27.5 per cent, of over-all programme support had been reached in 1977. Direct implementation of population projects had functioned increasingly well and provided excellent opportunities for direct interaction between recipient Governments and Fund.

688. The document on evaluation (DP/331) was presenting, for the first time, a detailed description of the purpose and methodology of UNFPA evaluation as well as an analytical summary of experience gained. More evaluations at the country level would be undertaken in future but none would be conducted without the expressed consent and collaboration of the Government and organizations concerned.

689. The Executive Director reported on multilateral arrangements for which over \$7 million were pledged from Governments. Norway, for example, in this manner had pledged \$2.4 million for a trust fund to support needs assessments. Support under such arrangements with Sweden for a sex education programme in Mexico would continue for an additional two years after the project had been revised.

690. He then reviewed the Fund's information activities and stressed UNFPA efforts to foster a greater role for women in its programme and recruitment practices. One third of UNFPA's Professional staff were women, he said.

691. There was an interest around the world in population issues and members of parliaments of nine countries had met in March 1978 in Tokyo to begin preparation of an inter-parliamentary conference on population to be held in 1979, with UNFPA support.

692. The Executive Director stated that a quantum leap had occurred in the present decade as to the recognition of the importance of population issues. Progress had been achieved also in the recognition by developing countries of population policies and programmes being part of over-all development and this had not only resulted in increased demands for UNFPA assistance but also served as a catalyst for seeking new modalities of co-operation.

693. Governments had shown a desire to make population policies more comprehensive. Some Governments in the developing world had expressed dissatisfaction with the distribution of their populations and interest in remedial measures was high. In response to concern about migration and the geographical distribution of their populations, UNFPA had under consideration projects in several countries such as Burundi, Democratic Yemen, Peru and Viet Nam. UNFPA had an obligation to respond to requests in this area, albeit with great caution, and he assured the Council that UNFPA policy to support only such projects in which the population participated on a voluntary basis would remain unchanged.

694. Population activities in rural development areas had been increasing. The trend toward diversification, did not mean that less emphasis was being given to family planning as the main area of support; more and more countries were attaching high priority to this latter area, recognizing that such services were important.

Summary of discussion

695. Members expressed continued support for UNFPA and many noted with appreciation the manner in which it was fulfilling its mandate. General satisfaction was also expressed regarding both the documentation presented at this session and the Executive Director's comprehensive introductory statement. Several members from developed countries announced increased contributions to the Fund. There was a diversity of views concerning the widening of the scope of UNFPA activities as mentioned by the Executive Director. While some members from developing countries advocated a broad interpretation of UNFPA's mandate to encompass such areas as migration, population redistribution, the status of women, ageing, etc., some members from developed countries urged caution in going into such areas, especially into that of population redistribution. It was urged that UNFPA support projects in the area of population resettlement only exceptionally, that policy guidelines for support to projects in population redistribution be adopted and that the voluntary participation of the population in all UNFPA-supported projects must be ensured.

696. Closer co-ordination with UNDP country programming was advocated by several members. In this context interest was expressed in how the restructuring of the United Nations economic and social sectors would affect the Fund. Some members noted with appreciation the recommendation made by the Administrator of UNDP that UNFPA be invited to participate in the Administrative Committee on Co-ordination (ACC) (DP/338 and Corr. 1, para. 52).

697. Several members expressed concern over the slowing down in the Fund's programme allocation during 1977 and over the slight decline in the implementation rate. The fact that the shift of resources towards the priority countries as well as the needs assessment exercises had contributed to the slowing down in programming was generally recognized, but many members voiced the hope that the remedial measures mentioned by the Executive Director in his statement would have a speedy effect and lead to better and speedier programming. Several members urged steps to be taken to reduce the carry-over in UNFPA resources from one year to another. One member requested periodic information on UNFPA's total commitments and felt that longer-term planning was incompatible with yearly pledges of contributions. Several members commented favourably on the increasing share of family planning projects in the over all UNFPA programme and some members urged continued emphasis on data collection.

698. Satisfaction was generally expressed with the manner in which UNFPA proceeded with the assessments of basic needs in the fields of population in recipient countries and with the shift of resources to priority countries. Some members hoped that it would be possible in future to increase the number of basic needs missions. Other members stated that special attention should also be given to non-priority countries which have priority areas within their territories. It was mentioned also that efforts be made to help the priority countries increase their absorptive capacity. It was urged that the goal of allocating two thirds of resources for support of country activities in priority countries be reached by 1980. Some members urged more emphasis on programmes in Asia and, in this connexion, referred to resolution 185 adopted recently by the Economic and Social Commission for Asia and the Pacific, calling on all funding agencies, particularly UNFPA, to increase their contributions to projects in that region. Some other members urged that more attention be given to meeting the needs of countries in Africa where the majority

of priority countries was located. Flexibility was urged in the application of the priority system. One member stated that the attainment of the two-thirds target by 1980 must have priority over implementation rate considerations. Another member requested that UNFPA report to the Council on progress made in the application of criteria for establishing priorities; another member felt that the indicators for designating priority countries should be periodically reviewed and the list of such countries revised as necessary.

699. Several members referred to the issues taken up by the Budgetary and Finance Committee. The opinion was expressed that the ACABQ comments should be taken into account. One member felt that the proposed upgrading of some section chiefs should also include that of the Africa section in the Programme Division. The Executive Director's proposal to maintain the funding of UNFPA field co-ordinators as a part of the programme budget rather than included in the Administrative Budget was generally endorsed. One member felt that UNFPA should maintain the level of staffing proposed for 1979 over the next few years. Appreciation was expressed by some members for the continuing low percentage of administrative costs in UNFPA.

700. Members agreed to an approval authority for UNFPA in 1979 of \$120 million as proposed by the Executive Director in document DP/310 and Corr.1. Several members also expressed agreement with the Executive Director's suggestion that the approval authority for 1978 be raised by \$10 million to \$115 million.

701. Members expressed their appreciation for the document on UNFPA support of intercountry activities (DP/332) as a further step in the process of establishing priorities in the allocation of resources. The proposals contained in the report were generally endorsed though the view was expressed that concrete proposals remained to be developed. Some members welcomed the recommendation that large-scale intercountry projects should be submitted to the Council for approval in the same manner as large-scale country projects. While reiterating their views that the bulk of the Fund's resources should be allocated for activities at the country level, many members felt that intercountry programmes were of great value and urged that emphasis be put on such projects which were closely linked to programmes in countries and were of direct benefit to them.

702. Most members were in agreement with the Executive Director's proposal that a percentage level of UNFPA programme resources be established rather than maintaining the present absolute level; two members, however, expressed some reluctance in this regard. Views varied on the percentage level to be established: while several members agreed with the Executive Director's suggestion of about 25 to 30 per cent, some felt that 30 per cent was too high and preferred 25 per cent; one member felt that even 25 per cent was too high, but another thought that about 30 per cent was right. Some members suggested that a time-limit be set by which the percentage level would be reached. Two members felt that it was somewhat premature for the Council to decide at this session on the percentage level.

703. Several members pointed to the importance of the WHO Special Programme of Research Development and Research Training in Human Reproduction and urged UNFPA support for it. One member opposed UNFPA support for the programme. One member suggested that UNFPA adopt the UNDP practice of approving only such regional programmes for which at least three countries in the region have expressed support.

704. One member specifically stressed the importance of UNFPA-supported demographic training courses in countries where contributions in non-convertible currencies can be utilized.

705. The report on evaluation (DP/331) was favourably commented upon by many members and the methodology used for UNFPA evaluations was generally endorsed. Several members stressed the usefulness of such evaluations for future programming. Some members urged that UNFPA continue evaluations in this manner and report periodically to the Council. It was urged that evaluations be made of large-scale country programmes and that evaluation reports be made available to all interested parties.

706. Members endorsed for all new project proposals, as well as the second and final phase portions of previously approved projects. Several members urged continuation of UNFPA support to the United Nations-Romanian Demographic Centre and pointed to the Centre's usefulness, due to the special emphasis on the population-development relationship in its curriculum.

707. One member, however, expressed the view that UNFPA assistance should not be used in comparatively developed countries to support activities concerning the relationship between population and development, and felt that support to the Centre should be phased out. During the debate a revised document on the Viet Nam programme was issued in DP/FPA/8/Add.4/Corr.1. The representative of the recipient country, speaking as an observer, stressed the importance of technical co-operation projects in all proposed areas. He said that population redistribution which was a vitally important problem for his country would be carried out with the voluntary participation of the population.

708. Appreciation was expressed for the plans to organize an inter-parliamentary conference on population and for the initiative taken by UNFPA in this respect.

709. Several members urged UNFPA to increase its support to projects aimed at the production and distribution of contraceptives.

Observations by the UNFPA administration in the Council

710. The Assistant Executive Director of UNFPA, in response to questions raised in the debate, stated that UNFPA was aware of the ESCAP resolution. She informed the Council that, in fact, of all regions the ESCAP region was receiving the largest share of UNFPA resources and that UNFPA assistance to ESCAP had doubled between 1974 and 1978. The share of the Fund's resources going to Asia, now at 30 per cent, was likely to increase to 40 per cent by the end of the present four-year plan period. Measures were being taken to assess needs for support of regional activities as it would be done in other regions. UNFPA was continuing to give infrastructure support to population posts in the ESCAP secretariat, but was under obligation, in response to the wishes of the Council, to reduce such infrastructure support generally.

711. The assessment of basic needs in the fields of population were expected to be completed in 24 countries by the end of this year and 20 more such exercises were planned for 1979, she stated. As to a suggestion that the UNICEF practice of "noted projects" be adopted by UNFPA, in connexion with its multibilateral efforts, she said that the needs assessments undertaken by UNFPA might serve the same purpose.

712. The Deputy Executive Director acknowledged the appreciation expressed for UNFPA's approaches to evaluation and the methodology used. Evaluation reports would be submitted to the Council in the future, too.

713. He noted that many members had favoured establishing a percentage level of UNFPA support to intercountry activities. Different views had been expressed as to the exact percentage, but the impression of the UNFPA administration was that a consensus could be reached that UNFPA should aim at a level of about 25 per cent of its total programme resources.

714. As to UNFPA support to the WHO Special Programme, a matter raised in the Council on previous occasions as well, UNFPA had allocated to this programme \$500,000 in 1976 and \$700,000 in both 1977 and 1978, partly in response to the Council's wish that UNFPA support global research projects of an innovative character and of proven effectiveness. A recent debate in the World Health Assembly and a resolution unanimously adopted by it had also confirmed the need for and the importance of this programme. He suggested that in the future the Council should decide upon the extent of UNFPA support, if any, to this programme in accordance with the recommendation made in document DP/332.

715. In the area of population redistribution, UNFPA had a clear mandate, both in accordance with the aims and purposes of UNFPA adopted by the Economic and Social Council, 15/ and with the five General Principles endorsed in 1976 by the Governing Council, and the General Assembly 16/ to be applied in making future allocations of resources. A large majority of developing countries needed co-operation in the area of population redistribution. He suggested that informal consultations be held with members of the Governing Council both from developed and developing countries, other international organizations and experts to guide the Executive Director in making recommendations to the Governing Council and the Economic and Social Council about the types of programmes and forms of co-operation which UNFPA might provide in the future.

716. The Executive Director, in response to a question relating to UNFPA's tenth anniversary in 1979, said that the best celebration would be for UNFPA to continue to improve its performance. A publication on perspectives for the Fund in the next 10 years was being prepared, and a number of monographs on various important population issues and problems would be published in co-operation with other organizations.

717. The next session of the Council would mark five years since the World Population Conference in Bucharest. The Executive Director said that the time might have come to rethink some basic issues, focussing attention on major remaining problem areas. He was planning to submit to the Council his views on the various basic population issues in developing countries, including recommendations about the future role UNFPA could play in this regard. With respect to the effect on UNFPA of restructuring in the United Nations system, there were no developments to report as yet. UNFPA was satisfied with the present arrangement and had full and active support from the Administrator of UNDP under the guidance of the Governing Council.

15/ Economic and Social Council resolution 2025 (LXI).

16/ General Assembly resolution 31/170.

Consideration by the Budgetary and Finance Committee

718. The Committee decided to consider agenda items 18 (f), (g) and (h) simultaneously. For its consideration of the items it had before it the following documents:

- (a) The UNFPA budget estimates for the administrative and programme support services for the year 1979 (DP/333);
- (b) Comments of the Advisory Committee on Administrative and Budgetary Questions on the UNFPA administrative budget (DP/344);
- (c) UNFPA audit report (DP/306 and Add.1);
- (d) Report on UNFPA Field Co-ordinators (DP/307).

719. The Executive Director of UNFPA, in introducing the items, said that the 1979 budget estimates had again been presented in a programme budget format and that the six major organizational units of UNFPA were grouped in three programmes. The presentation reflected the restructuring of the UNFPA secretariat completed last year, under which planning functions had been transferred from the Programme Planning Division to the Projects Division. These actions had been taken on the understanding that the Governing Council expected the Executive Director to manage the administration of the Fund in the most effective and efficient manner within the three approved programme appropriations. Personnel had been redeployed among the three major programmes and the reorganization had involved mostly changes within rather than between programme areas and did not entail transfers of resources from one programme appropriation to another. If, however, such transfers were necessary and would result in expenditure estimates in excess of the approved programme appropriations, UNFPA would request Governing Council authorization under the provisions of its Financial Regulations and Rules.

720. The Executive Director said that in response to a Council request the presentation contained information on quantitative workload indicators and consolidated tables of staffing proposals by grade. Continued efforts would be made to refine workload measurement in future.

721. Six additional Professional and nine General Service posts were being proposed, as well as the reclassification of five Professional and six General Service posts. The request for additional posts was based on the Fund's expanding requirements for planning, programming and implementation of the programme. Since 1974 voluntary contributions had increased by 66 per cent, and by the end of 1977 total cumulative resources had reached \$425 million, making UNFPA the largest international funding organization for population assistance.

722. He felt that the request for the reclassification of the posts of the Chiefs of the Office of Plans and Operations and the Asia and Latin America sections and for those of the two technical officers in the Office for Technical Review and Interregional Projects were well justified in view of the larger responsibilities of the officers involved.

723. The budget estimates for 1979 represented 4.5 per cent of the total UNFPA budget and, if the co-ordinators were included, 6.7 per cent. The field co-ordinator

budgets were not included in the administrative budget and document DP/307 explained the rationale for continuing this practice.

Summary of discussion in the Committee

724. Appreciation was expressed by some members for the continuing low level of administrative costs as compared to UNFPA's total budget, although some members pointed out that the proposed increase of these costs was higher than the anticipated increase in the Fund's resources. In general, the budget proposals were supported, subject to the comments of ACABQ.

725. Satisfaction was voiced with the improved format of the budget presentation. It was also felt that the ACABQ comments regarding the need for utilizing standard organizational nomenclature should be taken into account.

726. Most members favoured acceptance of the ACABQ comments on the proposed staff increases and reclassifications. Some felt that the figure of 15 new staff members was too high; other members pointed out that an increased workload for individual staff was not an appropriate justification, and that solutions should rather be sought in transferring responsibilities within the Fund. It was urged that UNFPA try and elaborate a longer staffing perspective. It was felt that staffing should be in line with increased resources. One member stated that UNFPA should improve its basic technical capabilities and that he therefore supported the addition of some new posts, such as that for a demographer. It was also felt that staffing proposals should reflect the new priority systems of UNFPA. The need for additional staff in the library was questioned. One member said that the additional posts seemed warranted at the present time, but he urged more restraint in the future.

727. As to reclassifications, several members opposed the exchange of one D-2 post in the Office of the Executive Director for a D-1 post, the D-2 post to be assigned to the officer in charge of information and public affairs. As to the proposed upgrading of two section chiefs to the D-1 level, the opinion was expressed that priorities between sections should be better expressed and that, for instance, the Africa section, in view of the application of the priority system, should be considered for upgrading. Doubt was also expressed over the need to upgrade the post of the Chief, Plans and Operations Office. Some members requested more information on the reclassification proposals and more detailed information on workload data, and it was suggested that private consultations be held between members and UNFPA representatives on all the staffing proposals contained in the budget estimates.

728. Members felt that there should be a continued balance between administrative costs and programme allocations. Very stringent economy was urged and members felt that there should be a continued effort to reallocate existing resources within the Fund. A maximum of resources should be devoted to programme activities.

729. Some members endorsed the remarks of ACABQ regarding a certain top-heaviness in the Fund's staff as well as the danger of "grade creep".

730. As to transfers of credits within the budget, some members felt that extreme caution was necessary and that limits to such transfers should be established. A clear provision should be included in the Fund's Financial Regulations and Rules for this purpose.

731. It was generally agreed that the practice of financing field co-ordinators from the programme budget should be continued, but it was urged that the situation be periodically reviewed and that the priority system should be reflected in the assignment of co-ordinators. One member urged that the audit reports contain also a narrative part and a description of audit procedures.

732. One member expressed doubt about the volume of information activities in UNFPA, and urged that some priorities be established in UNFPA publications.

Observation of the UNFPA administration in the Committee

733. The Executive Director, in response to comments made during the discussion, assured the Committee that UNFPA would take into account the suggestions made for improving the budget presentation. As to the additional staff in the UNFPA library, he pointed out that the library's main function was to assist the programme officers in their work by collecting information about new developments in all branches of population which, unlike other assistance areas, consisted of a number of disciplines. In addition to scientific and technical data, the library had to collect data from both donor and recipient countries. In this context he also stressed the need for technical units and their increased importance in view of the needs assessment exercises in a number of countries. The statistical unit was needed to keep all figures relevant to UNFPA activities constantly up to date. As to UNFPA publications, he said that UNFPA was the only organization in the system which was able to undertake such activities and that it also issued publications of other organizations in the system.

734. As to the comments concerning top-heaviness in the Fund's staff, he said he wanted to leave the decision on staffing to the Council. The proposed staffing increase amounted only to 15 per cent, while contributions had increased by a much higher percentage. It was difficult for UNFPA to plan ahead in this area because of the unevenness of contributions. He assured the Committee that UNFPA intended to remain within the limit of administrative expenses as established. As to the costs of field co-ordinators, he was convinced that, while the present arrangement was necessary, in the long run these costs would probably be financed from the administrative budget.

735. The Chief of the Administration and Finance Division, UNFPA, in reply to questions, stated that the document before the Committee was not the audit report itself but only a notice that the audits had been approved by the General Assembly. As to transfer of credits, he recalled that the Executive Director had suggested that ACABQ be given the authority to approve such transfers within reasonable limits. In response to a suggestion that co-ordinators be placed mainly in priority countries, he pointed out that this was so in the case of 17 out of a total of 32 co-ordinators, and that three of the four proposed new ones would be in Africa where most priority countries were situated. He said that UNFPA had already adopted the practice of reallocating posts within the Fund before new posts were requested.

Decision of the Governing Council

736. At its 622nd meeting, on 29 June 1978, the Governing Council adopted Decision 25/31, the text of which appears in section M of chapter XX of this report.

XV. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

737. Under item 19 of its agenda, the Council had before it for consideration the annual report of the Secretary-General on technical co-operation activities of the United Nations (DP/RP/19).

738. The Director of the Office of Technical Co-operation of the Department of Technical Co-operation for Development (TCD) introduced the item. In his review of United Nations technical co-operation activities in 1977, he reported that programme delivery fell from \$92 million in 1976 to \$83 million last year owing primarily to earlier restrictive measures imposed on UNDP project expenditures. This year there had already been a significant increase in UNDP budget approvals, and marked improvement in the level of programme delivery was expected from 1978.

739. The Director proposed that, in order to maintain higher levels of programme delivery, there be authorized a margin of over-programming combined with a degree of flexibility to accelerate programme inputs when absorptive capacity existed.

740. The Director reported that the implications of new dimensions and TCDC received special emphasis and were the major criteria for selection of projects and advisory services financed by the United Nations regular programme. He reported further that the TCD Department had a growing programme of inter- and multidisciplinary programming missions to newly independent and emerging countries. He emphasized the Department's involvement in a wide range of drought-related activities in the Sahel area, as well as its participation on a multidisciplinary basis in joint interagency efforts to promote poverty-oriented rural development.

741. The Director concluded by describing the steps being undertaken, as part of the restructuring of the economic and social sectors of the United Nations system, to bring together in the new Department of Technical Co-operation for Development all elements concerned with technical co-operation: operations; substantive advisers concerned with backstopping technical co-operation projects; recruitment of experts; and purchase of equipment and award of contracts for technical co-operation projects. The Director stated that this consolidation in one Department of all the elements supportive of technical co-operation, as well as designation of the new Department as sole executing agency for the United Nations would enable the United Nations to carry out its technical co-operation activities in a more effective and expeditious manner.

Summary of discussion

742. One member commented that his delegation hoped that the United Nations regular programme for technical co-operation could give additional assistance to human rights activities in the form of further fellowships and seminars in response to the relevant resolution adopted at the thirty-fourth session of the Commission on Human Rights.

743. Another member noted with regret the relatively small number of experts

recruited from his country. There had recently been a marked increase in the number of fellowships and seminars placed in his country, for which he expressed great satisfaction, and this was evidence that more could be done when there was the will to do so.

Decision of the Governing Council

744. At its 620th meeting on 27 June 1978, the Governing Council adopted decision 25/32, the text of which appears in section N of chapter XX of this report.

XVI. INFORMATION ON THE REGULAR AND EXTRABUDGETARY PROGRAMMES OF TECHNICAL CO-OPERATION IN 1977 OF THE ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

745. For its consideration of agenda item 6, the Council had before it documents DP/337 and DP/337/ANNEX. The Assistant Administrator, Bureau for Programme Policy and Evaluation, expressed thanks to the agencies for assisting in the preparation of that document by responding to the questionnaire circulated to them by UNDP.

746. The Assistant Administrator informed the Council that the report contained information on both expenditures on technical co-operation and the extrabudgetary contribution which the agencies had received for technical co-operation activities in 1977. Non-UNDP technical co-operation expenditures in 1977 were in the region of \$300 million and, supplemented with the information on UNDP activities in 1977 contained in the Administrator's annual report, the documents provided a useful overview of total technical co-operation in the United Nations system. The fact that the total volume of such expenditures was in the region of \$750 million pointed to the need to ensure effective co-ordination among the various sources of United Nations system development co-operation.

747. While stressing the usefulness of the reports, the Assistant Administrator drew attention to a number of deficiencies in the data. She pointed out, for example, that there were no data on World Bank technical co-operation expenditures, although these were sizable. She also mentioned that data on the technical co-operation activities of the Centre on Transnational Corporations had been omitted and that these expenditures amounted to some \$320,000 in 1977.

748. The Assistant Administrator expressed the view that improved information on the level and nature of technical co-operation activities in the United Nations system was indispensable to the improved co-ordination and coherence which the General Assembly was aiming to attain through its resolutions on restructuring. Recalling the attention devoted to this matter at its twenty-second session, ^{17/} the Assistant Administrator suggested that the Council might consider the need for improved data on United Nations system technical co-operation flows. She indicated that a major upgrading would require additional staff resources, suggesting some work to be undertaken to improve the consistency and comparability of the data within present staffing.

Summary of discussion

749. Members expressed their appreciation for the Administrator's report and commented that it provided various units within their Governments with very useful information on the magnitude and composition of the United Nations system technical co-operation flows. One member commented that the report would be a useful source of information for the Office of the Director-General for Development and International Economic Co-operation.

^{17/} See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A (E/5846/Rev. 1), chap. XIV.

750. Another member referred to the need to integrate non-UNDP funded activities into the country programming exercise and referred in this connexion to the co-ordinating and leadership role of the resident representative. It was noted that the responses to questions 3 and 4 of the questionnaire forwarded to the agencies (see DP/337/ANNEX) indicated a positive approach to effective co-ordination, although one member commented that the responses could have been made more comprehensive, and another suggested that UNDP should provide its own commentary on the issues raised in the responses from the agencies.

751. Comments were also made on the need among the agencies of the United Nations system for a common definition and use of terms relating to technical co-operation flows, in particular terms such as funds-in-trust, multilateral arrangements, etc. One member questioned whether there was a common definition of technical co-operation, while another expressed concern that the agencies were not reporting uniformly on their technical co-operation activities and suggested that extrabudgetary expenditures were understated.

752. Two members commented on the relationship between United Nations system technical co-operation expenditures financed respectively from UNDP and non-UNDP sources, noting that the UNDP share of the total had fallen. Both members expressed concern at this development and suggested that future reports should include comparable data on technical co-operation activities financed from all sources of funds - regular programmes, UNDP, trust funds, etc. One member said that it was also necessary to clarify whether overhead costs were included in reported non-UNDP technical co-operation activities and whether the data included expenditures by UNFPA, WFP, etc. In view of these concerns, members welcomed the Administrator's proposal to improve the information contained in future reports on this subject.

753. One member raised a question about non-UNDP technical co-operation activities in the international trade sector.

Observations of the administration

754. The Assistant Administrator expressed her appreciation for the Council's reception of documents DP/337 and DP/337/ANNEX. With regard to the distinction between technical co-operation and other development support flows, she said that development co-operation might be viewed as a spectrum of activities from pure financial transfers to capital investment to technical co-operation. She suggested that it was often difficult to distinguish between the different elements of this spectrum and cited the changes which had taken place in UNDP's concept of technical co-operation as a result of new dimensions. It was therefore difficult to apply a definition of technical co-operation in preparing the reports on United Nations system technical co-operation flows, and further work on this aspect and on the standardization of terms and classifications would form part of the modest improvements now contemplated.

755. The Assistant Administrator also replied to the question raised regarding non-UNDP activities in the international trade sector by referring to table 1 of document DP/337. In response to comments about the decreased share of UNDP in the total technical co-operation activities of the United Nations system, she reiterated that this increased the need for adequate co-ordination; as requested, future reports would be prepared in such a way as to facilitate comparison.

Decision of the Governing Council

756. At its 618th meeting, on 26 June 1978, the Governing Council adopted decision 25/38, the text of which appears in section O of chapter XX of this report.

XVII. ACTION TAKEN IN 1977 BY ORGANS OF THE
UNITED NATIONS AND RELATED AGENCIES

757. For its consideration of agenda item 15, the Council had before it documents DP/301 and Add.1. Introducing this item, the Secretary of the Governing Council said that these two documents were presented to the Council in order to bring the attention of the Council to resolutions and decisions taken in 1977 by the Security Council, the General Assembly, the Economic and Social Council and organizations within the United Nations system which called for action by, or were of particular interest to, UNDP. The Secretary drew the attention of members to the fact that a number of the resolutions and decisions included in these documents had already been acted upon or referred to during the course of the Council's consideration of other items on its agenda.

XVIII. OTHER MATTERS

A. THE UNITED NATIONS INDUSTRY CO-OPERATIVE PROGRAMME

758. For its consideration of agenda item 20, the Council had before it a note by the Administrator (DP/347) concerning the United Nations Industry Co-operative Programme (UNICP).

759. The Administrator introduced the item by referring to the statement on the subject in his introductory remarks to the Council. A United Nations trust fund was being established under the Financial Regulations and Rules of the United Nations and the Secretary-General had requested the Administrator to assume general direction of this new activity. The Administrator proposed to enter into consultations with other United Nations organizations regarding the future operation of this programme whose services, he emphasized, would be made available to Governments only at their request. The Administrator also stressed that the Secretary-General was anxious to receive the views of member Governments on this proposal before finalizing arrangements and that the matter was being presented to the Governing Council accordingly.

760. The Assistant Administrator, Bureau for Special Activities, elaborated on the proposals for the operation of the Programme. He recalled that UNICP had been in existence in FAO for 12 years and had made a substantial contribution to the transfer of technology to developing countries. The Director-General of FAO had decided that other arrangements would be preferable for the future organization of the programme and the Secretary-General, in accepting responsibility for the programme, had proposed entrusting responsibility to UNDP as the broadest multisectoral development organization in the United Nations system. It was the intention of both the Secretary-General and the Administrator that the programme should be broadened to cover all sectors and should include participants from developing countries at their request.

761. ACABQ had raised no objections to the proposal and had been assured by the United Nations that the Trust Fund would be consistent with the policies and aims of the Organization and that it would not directly or indirectly involve any financial liability for the United Nations or for UNDP. ACABQ had also recommended that the provisional work programme and budget of the programme be reported to the Council at its twenty-fifth session, but this had been impossible because the Administrator would not be given responsibility for the programme until 1 July 1978. Nevertheless, the Council would be provided with a full budget and work programme at its next session. It was proposed that the activities of the programme be directed towards enhancing global interdependence and towards increasing industrial capacity in the developing countries. The Administrator also proposed to investigate the possibility of co-operation with non-governmental organizations and labour organizations and intended to discuss this matter with the Director-General of the ILO. In view of ACABQ's recommendation that due regard be taken of UNIDO's competence in the field of industrial development, the Administrator would also be discussing the matter with the Executive Director of that organization.

762. The Assistant Administrator assured the Council that the programme would operate along the same lines as normal UNDP activities, namely under the direction of recipient Governments, with the support of the agencies, and through the UNDP regional bureaux and resident representatives.

763. It was regretted that this matter had been brought to the attention of the Council at such a late date, but FAO's responsibilities would terminate on 30 June 1978 and immediate arrangements needed to be made to ensure continuity of activity.

Summary of discussion

764. Members expressed widely diverging views on this matter, with some members indicating their support for the Secretary-General's proposal to entrust the general direction of UNICP to the Administrator, and many other members expressing the view that the Council should be given further time to consider the matter.

765. Members supporting the Secretary-General's proposal expressed the view that the programme could serve as a useful mechanism for the transfer of technical knowledge and expertise and could also serve to mobilize investment in the developing countries. One member expressed concern that some developed countries appeared to be putting obstacles in the way of this new avenue for the transfer of technology.

766. Members supporting the proposal also considered that it was logical that the programme should be located within UNDP since this was consistent with the policy against fragmentation within the United Nations system. The assignment of responsibility to UNDP was therefore consistent with views expressed in both the Governing Council and the General Assembly on this issue and it was felt that UNDP should welcome the programme. These members particularly supported the proposal to broaden the scope of the programme to include nationals from developing countries and activities outside the agriculture sector.

767. Many members considered that the Council had been given insufficient time to give this matter the consideration it deserved. From their knowledge of ICP's activities under the aegis of FAO, these members felt that the Council was entitled to a full analysis of the implications of UNDP's assuming responsibility for the programme. While recognizing the importance of industrialization to the developing countries, several members doubted whether the programme should be within the framework of UNDP and whether it might not more appropriately belong in UNIDO.

768. Questions were also raised about specific aspects of the operation of the programme, in particular whether other interest groups such as trade unions might be involved. Members also questioned whether additional UNDP staff resources would be required, particularly bearing in mind the very innovative nature of the programme. Under the circumstances, these members recommended that the Council postpone the decision on this matter until its next session, by which time the Administrator would be able to provide the Council with a more comprehensive report on the implications of UNDP's assuming responsibility for this programme, as well as a work plan and budget.

Response by the Administrator

769. In replying to the many and varied comments of members, the Administrator noted that views on the merits of the proposal were highly divergent. He emphasized that the Secretary-General would not wish to proceed in any way which would not command the full support of Member States. The proposal had been advanced in the belief that members would find it fully acceptable as a new means of attracting extra resources for development co-operation. Since substantial reservations had been expressed, he was certain that the Secretary-General would wish to consider a different approach. The Administrator therefore invited members with special interest in the matter to meet with him informally in order to seek agreement on the best course of action.

770. Subsequently, the Administrator reported that following extensive consultations no consensus had been reached. He thus concluded that UNDP was not in a position to assume responsibility for the arrangements described in document DP/347. He said that he would so inform the interested parties.

B. CIVIL AVIATION SECURITY

771. Under agenda item 20, the Administrator made a statement concerning civil aviation security. He referred to General Assembly resolution 32/8 which, inter alia, called upon all States to take all necessary steps to prevent aerial hijacking, etc., "including the improvement of security arrangements at airport or by airlines as well as the exchange of relevant information, ... in co-operation with the United Nations and the International Civil Aviation Organization". The Administrator informed the Council that this matter had been considered by the ICAO Council which had suggested that technical co-operation be supplied to developing countries in order to assist them in improving airport and airline security. ICAO had since been in contact with each member State and 66 developing countries had already indicated their support for this proposal. Additionally, 15 developed countries had endorsed the proposal that UNDP should finance such technical co-operation activities. The Administrator informed the Council that the total cost of such a programme of technical co-operation would be less than \$1 million.

772. The Administrator recognized that this was different from other technical co-operation in civil aviation being provided by UNDP in such areas as air traffic control, airport fire safety, etc., but he emphasized that aviation security was a very important issue which tended to be overlooked until a serious accident occurred. Under these circumstances, the Administrator wished to inform the Council that he would be prepared to consider requests from Governments for technical co-operation in the field of civil aviation security.

XIX. DATE AND PROVISIONAL AGENDA OF THE TWENTY-SIXTH SESSION

Provisional agenda

773. The Council considered the provisional agenda of its twenty-sixth session. Following an exchange of views as to whether the role and activities of UNDP should be included as a separate item of the agenda or considered under existing items of the list prepared by the secretariat, the Council agreed to include "Role and activities of UNDP" as item 5 of the provisional agenda of the twenty-sixth session.

Decision of the Governing Council

774. At its 623rd meeting, on 30 June 1978, the Council adopted the provisional agenda for its twenty-sixth session which is reproduced in part I of decision 25/34, the text of which appears in section P of chapter XX of this report.

Date and place of next session

775. The Council considered the date and place of its next session, taking into account the decision taken at its twenty-fourth session on the periodicity of its future sessions. Members of the Council were informed that the twenty-sixth session could be held in June 1979 in New York. It was noted that a number of country programmes would be ready to be presented for consideration and approval in January 1979, and the Council agreed that it should meet for three days in January 1979. While several members felt that no such January meeting should be scheduled in 1980, others were of the view that the Council should not delay to the following June session the consideration and approval of country programmes which might be ready for presentation in January 1980. The secretariat indicated that the Administrator would need some guidance on the matter in view of the long lead time for the preparation of the country programmes. It was agreed that further consultations were required among delegations regarding the formulation of a decision on this matter.

Decision of the Governing Council

776. At its 624th meeting, on 30 June 1978, following informal consultations, the Council adopted part II of decision 25/34, the text of which appears in section P of chapter XX of this report.

XX. DECISIONS OF THE GOVERNING COUNCIL

- A. REPORT OF THE ADMINISTRATOR FOR 1977 AND
CONSIDERATION OF THE JOINT INSPECTION
UNIT STUDY REPORT ON THE ROLE OF EXPERTS
IN DEVELOPMENT CO-OPERATION (items 4
and 17 (g))

25/1. Annual report of the Administrator for 1977

The Governing Council

Takes note of the annual report of the Administrator for 1977 (DP/321 and
Corr.1; DP/321/ANNEXES I and II).

623rd meeting
30 June 1978

25/2. Assistance to African liberation movements recognized
by the Organization for African Unity

The Governing Council,

Having examined the Administrator's report on assistance to colonial
countries and peoples (DP/315),

Having listened to statements made by representatives of the African
liberation movements recognized by the OAU as well as to observations made by the
members of the Council during the consideration of that report,

Noting with great appreciation the increased support being given by UNDP to
African liberation movements recognized by the OAU and the statement made in this
respect by the Executive Secretary of the OAU Co-ordination Committee for the
Liberation of Africa,

Aware of the continued need for supporting the people who are struggling to
liberate themselves from colonial and racial domination in southern Africa,

Recognizing that the liberation movements very often operate on an emergency
basis in providing food, medicines, education, housing, clothes and transportation
to their peoples,

1. Congratulates the Administrator for the assistance extended to African
liberation movements recognized by the OAU;
2. Reiterates its request to the Administrator and to the executive heads of
the participating and executing agencies to facilitate UNDP's assistance to those
movements through simplified and flexible procedures;

3. Appeals to member States to pledge additional resources to the Trust Fund for Assistance to Colonial Countries and Peoples in order to increase UNDP's assistance to those movements;

4. Requests the Administrator to support appropriate programmes of assistance to African liberation movements in relation to the celebration of the International Year against Apartheid;

5. Decides to advance, until the mid-session review in 1979, \$7 million from the Programme Reserve for additional assistance to African liberation movements recognized by OAU;

6. Further decides to increase the IPF for Namibia by \$3 million from the resources available under undistributed IPFs;

7. Requests the Administrator to prepare for submission to the Governing Council, at its twenty-sixth session, a report detailing the projects approved by UNDP and financed from the resources herein provided.

620th meeting
27 June 1978

Role of experts in development co-operation

/Decision 25/20 on the recruitment and use and prospects of reducing the costs of UNDP-financed experts, appears in section L below./

B. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS (item 16)

25/3. Country and intercountry programmes and projects

I

The Governing Council

1. Approves the proposed country programmes for Afghanistan (DP/GC/AFG/R.2 and Add.1); Algeria (DP/GC/ALG/R.3 and Corr.1); Bangladesh (DP/GC/BGD/R.2 and Corr.1); El Salvador (DP/GC/ELS/R.2); Iran (DP/GC/IRA/R.2); Iraq (DP/GC/IRQ/R.2 and Corr.1); Maldives (DP/GC/MDV/R.2 and Corr.1); Mexico (DP/GC/MEX/R.2); Portugal (DP/GC/POR/R.1); Syrian Arab Republic (DP/GC/SYR/R.2 and Corr.1); Thailand (DP/GC/THA/R.2); and Yugoslavia (DP/GC/YUG/R.2) for the duration of their respective programme periods and within the limits of their IPFs for 1977-1981, taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 IPFs;

2. Approves the level of cost sharing in the Iran programme and notes that semi-annual lump sum payments in advance are to be provided for the implementation of this cost sharing arrangement;

3. Authorizes the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective country programmes, while ensuring, in accordance with the decision of the Governing

Council at its eighteenth session, 18/ that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time;

4. Approves the global project "Testing and Demonstration of Small-scale Solar Powered Pumping System" (DP/PROJECTS/R.10/Add.1) and authorizes the Administrator to make the appropriate arrangements with the World Bank for the execution of this project;

5. Approves the proposal to increase to \$75,000 authorization for the Administrator to incur expenditure on preparatory work for global programmes in a given field without recourse to the Council on a case-by-case basis, and requests the Administrator to inform the Council of the use made of this authorization;

6. Takes note with approval of the proposal to untie the UNDP contribution to the Special Programme for Research and Training on Tropical Diseases (GLO/77/007) and authorizes the Administrator to make the necessary arrangements with WHO as Executing Agency of the programme towards that end.

II

The Governing Council,

Recalling General Assembly resolutions 32/93 and 32/100 of 13 December 1977, on assistance to Djibouti and Guinea-Bissau respectively,

Having considered the note by the Administrator (DP/340) and the statement by the Assistant Administrator and Regional Director for Africa on this subject,

Taking into account the comments made by members of the Governing Council,

Authorizes the Administrator:

(a) To recalculate and increase by 6.4 per cent the IPFs of Djibouti and Guinea-Bissau, the \$425,000 allocation required for this purpose being drawn from the reserve for "future participants, etc. ..."

(b) To extend to Djibouti and Guinea-Bissau the other benefits enjoyed by the least developed among the developing countries - benefit from the United Nations Capital Development Fund and from the special allocations for LDCs which would become available in the future, etc. - in accordance with General Assembly resolutions 32/93 and 32/100.

III

The Governing Council,

Recalling General Assembly resolution 32/25 of 28 November 1977, on the Solomon Islands, as well as the Council's earlier decisions establishing IPFs for 1977-1981,

18/ Ibid., Fifty-seventh Session, Supplement No. 2A (E/5543/Rev.1), para. 17.

Decides that the 1977-1981 IPF for the Solomon Islands shall be \$3,145,000, instead of the previously determined \$2.3 million, when the Solomon Islands achieves independence in July 1978.

IV

The Governing Council

Notes with satisfaction the Administrator's intention henceforth to list in his annual reports all newly approved projects of which the costs total \$50,000 or more, and his further intention henceforth to issue project fact sheets for those projects of which the costs total \$250,000 or more.

607th meeting
16 June 1978

25/4. United Nations Decade for Transport and
Communication in Africa

The Governing Council,

Recalling General Assembly resolution 32/160 of 19 December 1977, by which the General Assembly declared the years 1978-1988 the United Nations Decade for Transport and Communication in Africa,

Recognizing that TCDC can make a contribution towards the realization of the objectives of the Decade,

Emphasizing that the development and improvement of transport and communications in Africa will have a great impact on the socio-economic development of the countries in the region,

Appreciating the measures already taken by the African countries, both at the national and at the regional levels, towards the improvement of transportation and communications systems,

Noting the statement made by the UNDP Assistant Administrator and Regional Director for Africa regarding steps being taken towards realizing the objectives of the Decade,

Convinced that UNDP should play an active role in contributing to the success of the Decade,

1. Stresses the urgent need for the improvement and development of transport and communications in Africa;

2. Requests the Administrator of UNDP to examine ways and means through which the Programme may contribute towards the attainment of the objectives of the Decade, keeping in mind the importance of the involvement of potential investment sources at all stages of programme and project handling, and to report in that regard to the Governing Council at its twenty-sixth session.

611th meeting
21 June 1978

25/5. Assistance to Benin

The Governing Council,

Recalling Security Council resolution 419 (1977) of 24 November 1977, appealing to all States and appropriate international organizations, including the United Nations and the specialized agencies, to assist Benin in repairing the damage caused by the act of aggression of 16 January 1977,

Considering the note by the Secretary-General, dated 13 February 1977, on the mission to Benin and the annexes thereto,

Taking into account the request of the Government of Benin,

Requests the Administrator to examine favourably that request and seek, as soon as possible, all ways and means of providing Benin with appropriate assistance.

607th meeting
16 June 1978

C. INVESTMENT FOLLOW-UP (item 5)

25/6. Investment follow-up

The Governing Council,

Taking note of the report by the Administrator on the investment follow-up activities of UNDP (DP/320) and of the proposals contained therein regarding possible further activities to be undertaken by UNDP in this area,

Taking note of the policy framework for the investment follow-up function as defined in the 1970 Consensus 19/ that the Government in each case will be primarily responsible for all measures which should be taken at all stages of a project to ensure effective follow-up, including follow-up investment,

Taking into account the views expressed during the consideration of this report,

1. Appeals to all Governments to accord due priority to pre-investment studies in their country programmes;
2. Recognizes the difficulties of bridging the gap between pre-investment activities and the investment phase;
3. Recalls General Assembly resolution 3405 (XXX) of 28 November 1975, on new dimensions in technical co-operation and, in particular paragraph (e), subparagraph (viii) of the annex to that resolution;
4. Welcomes the Administrator's proposals for closer co-operation between UNDP and the participating and executing agencies in the United Nations system at all stages of UNDP pre-investment activities;

19/ General Assembly resolution 2688 (XXV), annex.

5. Requests the Administrator to examine, upon request from the concerned recipient Governments, the possibility of establishing multidisciplinary teams, financed from the budgets of pre-investment projects for the purposes outlined in paragraph 26 of his report (DP/320);

6. Invites the Administrator to explore further the need for strengthening the central unit at UNDP headquarters and for financing additional posts in agency investment centres, as suggested in paragraph 25 of his report and, if there is a clearly identified need, to submit to the Governing Council, at its twenty-sixth session, a report on his findings, including their financial implications, if any;

7. Invites the Administrator to continue his efforts at developing improved general co-operation and working relationships regarding investment follow-up with other sources of assistance;

8. Supports in principle the concept of umbrella projects referred to in paragraphs 31 and 32 of the report;

9. Requests Governments to provide UNDP with information on investments resulting from UNDP pre-investment activities;

10. Endorses the suggestion of the Administrator to undertake the thematic study referred to in paragraph 35 of his report, but within existing staff resources.

622nd meeting
29 June 1978

D. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES (item 14)

25/7. Technical co-operation among developing countries

The Governing Council,

Recalling General Assembly resolution 32/182 of 19 December 1977 as well as other pertinent resolutions of the Assembly.

1. Takes note of the reports submitted by the Administrator and by the participating and executing agencies and regional commissions on the progress made in the implementation of technical co-operation among developing countries, (DP/317 and Corr.1 and Add.1; DP/309 (vols. I-XIII));

2. Takes note of the introductory statements made by the Administrator and the Assistant Administrator and of the observations and suggestions made during the consideration of the item;

3. Requests the Administrator, the participating and executing agencies and the regional commissions to continue vigorously to implement General Assembly resolution 32/182;

4. Decides, as an interim measure between 1 October 1978 and its next session, to authorize the Administrator to fund from the administrative budget of UNDP an additional post at the level of P-4 for the period of nine months in the Special Unit for TCDC, provided there is agreement at the United Nations Conference on Technical Co-operation among Developing Countries that the requirement for this post continues after the Conference;

5. Requests the Administrator, the participating and executing agencies and the regional commissions to submit in the future to the Governing Council a joint progress report on technical co-operation among developing countries, which should be co-ordinated and analytical and should, wherever possible, contain quantitative tables and/or other indices reflecting the progress made;

6. Decides to continue, through its Sessional Committee on TCDC, the annual review of the implementation of General Assembly resolution 32/182, in addition to implementing any tasks that may be entrusted to it by the United Nations Conference on TCDC to be held in Buenos Aires (Argentina) from 30 August to 12 September 1978 for following up the decisions of the Conference.

621st meeting
28 June 1978

E. ROLE AND ACTIVITIES OF UNDP (item 8)

25/8. Role and activities of UNDP

The Governing Council,

Taking note with appreciation of the report of the Administrator on the role and activities of UNDP (DP/319), the proposal for the evaluation programme for 1978-1979 (DP/319/Add.1), the three completed interim reports on evaluation studies (DP/319/Add.1/ANNEXES I-III), the inventories of UNDP activities aimed at combating poverty (DP/319/Add.2) and the integration of women in the development process (DP/319/Add.3), as well as the observations made by the members of the Council during the consideration of this item,

Keeping in mind the resolutions of the General Assembly at its sixth and seventh special sessions calling for the establishment of a new international economic order, as well as Assembly resolution 32/197 of 20 December 1977, on the restructuring of the economic and social sectors of the United Nations system.

Reiterating the principles set forth in the decision on the role and activities of UNDP adopted by the Governing Council at its twenty-fourth session (see E/6013/Rev.1, 1/ para. 139),

1. Appeals to all Governments to increase their voluntary contributions, with a view to achieving the over-all growth rate recommended for the second cycle, bearing in mind the need for a better and wider distribution in providing resources for the Programme;

2. Appeals to Governments in a position to do so to achieve net contributor status, by either increasing their contributions or foregoing their Indicative Planning Figures;

3. Appeals to Governments of the recipient countries in a position to do so to undertake, as part of their national development planning process, a broad assessment of their technical co-operation requirements;

4. Invites the Administrator:

(a) To initiate further consultations with the executing agencies, in line

with paragraph 33 of the annex to resolution 32/197 and with General Assembly resolution 2688 (XXV) of 11 December 1970, on how best to utilize the country programming process as a frame of reference for the operational activities carried out and financed by the organizations in the United Nations system from their own resources;

(b) To continue discussions with the executing agencies in pursuance of paragraphs D (i), (ii) and (iii) of the annex to Economic and Social Council resolution 2110 (LXIII) of 3 August 1977, on the role and activities of UNDP and in accordance with the relevant provisions of General Assembly resolution 32/197;

5. Requests the Administrator:

(a) To strengthen programme evaluation, which is of direct operational relevance to UNDP's activities, as a regular and continuous activity, taking all necessary measures for the implementation and co-ordination of evaluation reports, bearing in mind the need to utilize fully the material already available, to avoid duplication, and for close collaboration with the executing agencies;

(b) To develop a comprehensive feed-back system of the experience gained and thus build up an institutional memory, in conjunction with the Integrated Systems Improvement Project, and increase the effectiveness of UNDP-funded programmes and projects in the future;

(c) To circulate the evaluation reports mentioned in subparagraph (a) above to the members of the Governing Council as soon as they are ready;

(d) To submit for discussion at each annual session of the Council his conclusions on such evaluation reports and his recommendations for programme improvements;

(e) To strengthen UNDP's project design, project development, and monitoring of UNDP-financed activities;

(f) To publish as a series the evaluation reports, in the light of the consideration in the Council, to serve all concerned;

(g) To report to the Council at the twenty-sixth session on these matters;

6. Further requests the Administrator:

(a) To focus future reports on "relevant trends and problems of proposed country programmes" on problem-oriented issues;

(b) To submit those reports to the Governing Council for discussion, preferably as a separate subitem of the agenda item "Country and intercountry programming and projects";

7. Also requests the Administrator to pursue the implementation of paragraphs C (ii), (iv), (v) and (x) of the annex to Economic and Social Council resolution 2110 (LXIII) and of paragraph 36 of the annex to General Assembly resolution 32/197, and to pay special attention to those matters in his report to the Governing Council at its twenty-sixth session.

623rd meeting
30 June 1978

F. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 32/197 ON THE
RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE
UNITED NATIONS SYSTEM (item 7)

25/9. Restructuring of the economic and social
sectors of the United Nations system

The Governing Council

1. Takes note of the reports of the Administrator on the implementation of General Assembly resolution 32/197 of 20 December 1977, on the restructuring of the economic and social sectors of the United Nations system (DP/338 and Corr.1);
2. Decides to transmit to the Economic and Social Council the views expressed by the members of the Council and the Administrator during the consideration of this report.

620th meeting
27 June 1978

G. UNITED NATIONS SAHELIAN OFFICE AND DROUGHT-STRICKEN COUNTRIES
IN AFRICA AND ADJACENT AREAS (item 9)

25/10. Implementation of the medium-term and long-term recovery
and rehabilitation programme in the Sudano-Sahelian
region and implementation of the Plan of Action to Combat
Desertification in the region

The Governing Council,

Recalling the relevant resolutions of the General Assembly and the Economic and Social Council, particularly General Assembly resolutions 3253 (XXIX) of 4 December 1974, 3512 (XXX) of 15 December 1975, 31/180 of 21 December 1976 and 32/159 of 19 December 1977 and Economic and Social Council resolutions 1918 (LVIII) of 5 May 1975 and 2103 (LXIII) of 3 August 1977,

Recalling further General Assembly resolution 32/170 of 19 December 1977, concerning measures to be taken for the benefit of the Sudano-Sahelian region, particularly its paragraphs 2 and 3 concerning proposed measures and modes of action for implementing projects and programmes to combat the desertification in the Sudano-Sahelian region and proposed measures to improve institutional arrangements in the region,

Considering that the nature and scope of the needs of the countries of the Sudano-Sahelian region make it necessary for the international community to continue and to strengthen its solidarity action to support the recovery efforts and economic development of those countries,

Noting with satisfaction the decisive role played by the United Nations

Sahelian Office, in helping to combat the effects of the drought and to implement the priority medium-term and long-term rehabilitation and development programme adopted by the States members of the Permanent Interstate Committee on Drought Control in the Sahel, and in mobilizing the necessary resources to finance priority projects,

Noting the need for the immediate implementation in the Sudano-Sahelian region of the Plan of Action to Combat Desertification and of the relevant resolutions adopted by the United Nations Conference on Desertification, as called for by General Assembly resolution 32/170,

Considering the decision, adopted on 22 May 1978 by the Governing Council of the United Nations Environment Programme, which opted for the proposal that the United Nations Sahelian Office be designated as the mechanism to co-ordinate the United Nations efforts to assist in the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region, and that the organization and functions of the United Nations Sahelian Office as well as the organization and functions of its regional office at Ouagadougou be enlarged, this enterprise to be carried out as a joint UNDP/UNEP venture, and which also invited the Governing Council of UNDP to give favourable consideration to that proposal,

Having examined the report of the Secretary-General on the implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region (DP/326 and Corr.1), and the United Nations Development Programme document on the designation of the United Nations Sahelian Office as the mechanism to co-ordinate the United Nations efforts to assist in the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region (DP/L.323),

I

Implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region

1. Takes note with satisfaction of the report of the Secretary-General on the efforts made to implement the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region;
2. Congratulates the Administrator on the accomplishments of the United Nations Sahelian Office and its work methods;
3. Expresses its profound gratitude to the Governments, United Nations bodies, intergovernmental organizations, private organizations and individuals that have contributed to the implementation of the medium-term and long-term recovery and rehabilitation programme drawn up by the States members of the Permanent Interstate Committee on Drought Control in the Sahel;
4. Urges all Governments, United Nations bodies, intergovernmental organizations, private organizations and individuals to continue to respond favourably, either bilaterally or through the United Nations Sahelian Office or any other intermediary, to the requests made by the Governments of the Sudano-Sahelian countries and by the Permanent Interstate Committee;

5. Requests the United Nations Sahelian Office to continue its close co-operation with the Permanent Interstate Committee and its efforts to ensure co-operation and co-ordination between the United Nations programme and bodies with a view to the implementation of medium-term and long-term assistance programmes;

6. Requests the Administrator to continue to report to the Governing Council on the implementation of the rehabilitation and development programme in the Sudano-Sahelian region;

II

Designation of the United Nations Sahelian Office as the mechanism to co-ordinate the United Nations efforts to assist in the implementation of the Plan of Action to Combat Desertification in the Sudano-Sahelian region

1. Takes note of the decision adopted on 22 May 1978 by the United Nations Environment Programme Governing Council and decides to designate the United Nations Sahelian Office, in addition to its present responsibilities, as the mechanism to co-ordinate the United Nations efforts to assist in the implementation of the Plan of Action to Combat Desertification in the 15 countries of the Sudano-Sahelian region south of the Sahara and north of the equator;

2. Requests the Administrator to develop modalities to enlarge the organization and functions of the United Nations Sahelian Office, as well as the organization and functions of its regional office in Ouagadougou, to assist, in addition to its present responsibilities, in the implementation of the Plan of Action to Combat Desertification in the 15 countries of the Sudano-Sahelian region, this enterprise to be carried out as a joint UNDP/UNEP venture, and to report further to the Council in this respect;

3. Authorizes the Administrator to take the necessary measures required for the implementation of this decision, in accordance with paragraphs 38, 41 and 42 of the United Nations Environment Programme Executive Director's report; 20/ and to report further to the Council in this respect;

4. Authorizes the Administrator to finance the UNDP share of the administrative costs of the joint UNDP/UNEP venture from the appropriate programme funds until funding from the normal sources of the United Nations Sahelian Office is forthcoming;

5. Authorizes further the Administrator to use the funds available for global projects, up to a total of \$300,000, as a contribution of UNDP for scientific planning and programming to be utilized by the United Nations Sahelian Office for the purpose of preparatory work to be taken for projects and programmes, part of the Plan of Action to Combat Desertification in the Sudano-Sahelian region.

620th meeting
27 June 1978

20/ UNEP/GC.6/9/Add.2, of 19 April 1978.

25/11. Assistance to the drought-stricken countries in Africa
and adjacent areas

The Governing Council,

Having examined the report of the Administrator on assistance to the drought-stricken countries in Africa and adjacent areas (DP/339),

Having considered the statement made by the Assistant Administrator and Director of the Regional Bureau for Africa, bringing up to date the information contained in that report,

Considering the provisions of General Assembly resolution 3054 (XXVIII) of 17 October 1973, by which the Assembly requested that those drought-stricken countries of the Sahelian region which were not among the least developed countries should enjoy benefits similar to those given to the least developed countries with respect to the specific consequences of the drought and until those consequences are eliminated in the countries concerned,

1. Takes note with appreciation of the report of the Administrator;

2. Authorizes the Administrator, in implementation of General Assembly resolution 3054 (XXVIII), to make available to Mauritania and Senegal from the Programme Reserve an additional amount of \$600,000 and \$700,000 respectively, during the period 1977-1981, to assist them in overcoming the effects of the current drought, and for the same purpose to grant those countries, for the same period, access to the special funds available to the least developed countries.

620th meeting
27 June 1978

H. UNITED NATIONS VOLUNTEERS (item 10)

25/12. United Nations Volunteers

I

The Governing Council,

Takes note of the report of the Administrator on the United Nations Volunteers (DP/330 and Corr.1) and of the views expressed during the debate.

616th meeting
23 June 1978

II

The Governing Council,

Taking note of the Administrator's report on the United Nations Volunteers (DP/330 and Corr.1),

Having considered the introductory statements made by the Administrator and the Co-ordinator and the observations and suggestions made during the consideration of the item,

1. Considers that UNV has an important role in providing assistance particularly to least developed and newly independent countries;
2. Requests the Administrator to report at its twenty-sixth session on the role of the programme in least developed and newly independent countries;
3. Invites the Administrator to report on UNV recruitment procedures and, if there is a clearly identified need, to suggest ways and means to improve them;
4. Appeals to all countries to assist the UNV to the maximum extent possible in the identification and recruitment of qualified candidates;
5. Notes that the level of contributions to the Special Voluntary Fund does not permit it to undertake fully programmes in the domestic development services as envisaged under General Assembly resolutions 31/131 and 31/166 of 16 and 21 December 1976, and appeals to Governments to consider contributions or increasing contributions to the United Nations Special Voluntary Fund;
6. Requests the Administrator to continue his efforts to enhance the over-all activities of UNV.

623rd meeting
30 June 1978

I. UNITED NATIONS CAPITAL DEVELOPMENT FUND (item 11)

25/13. United Nations Capital Development Fund

The Governing Council

1. Takes note of the report of the Administrator on the United Nations Capital Development Fund (DP/305 and DP/305/ANNEX I and II) and of the views expressed during the discussion;
2. Requests the Administrator to present to the Council, at its twenty-sixth session, a specific proposal for changing the present full funding of total estimated costs at the time of approval of each project, to an arrangement providing for coverage of project costs as they are incurred on a current basis.

616th meeting
23 June 1978

J. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES
EXPLORATION (item 12)

25/14. United Nations Revolving Fund for Natural Resources
Exploration

The Governing Council,

1. Takes note of the annual report submitted by the Administrator on the United Nations Revolving Fund for Natural Resources Exploration (DP/312), of the introductory statements made by the Administrator and the Director and of the observations and suggestions made during the consideration of the item;

2. Approves the projects recommended by the Administrator for mineral exploration in selected areas of Afghanistan (DP/313) and precious metals exploration in eastern Liberia (DP/314 and Corr.1);

3. Recommends to the Economic and Social Council that it postpone the review specified in paragraphs 1 (m) and (p) of Economic and Social Council resolution 1762 (LIV) of 18 May 1973 for two years, until 1981;

4. Confirms the re-appointment of Mr. Hiroshi Sakurai as Director of the Fund.

617th meeting
26 June 1978

K. UNITED NATIONS FUND FOR LAND-LOCKED DEVELOPING COUNTRIES
(GENERAL ASSEMBLY RESOLUTION 32/113) (item 13)

25/15. United Nations Special Fund for Land-locked Developing
Countries

The Governing Council,

Recalling General Assembly resolution 31/177 of 21 December 1976 by which the General Assembly approved the statute of the United Nations Special Fund for Land-locked Developing Countries,

Recalling further General Assembly resolution 32/113 of 15 December 1977, particularly paragraph 2 wherein the General Assembly requested the Governing Council to approve interim arrangements to be proposed by the Administrator to implement the aims and purposes laid down in the Statute of the Fund,

Having considered the report of the Administrator on the matter (DP/328) containing the proposals for such interim arrangements,

1. Authorizes the Administrator to proceed, in consultation with the Secretary-General of UNCTAD, with appraisal and approval of requests for assistance falling within the scope of operations of the Fund as outlined in the report of the Administrator and in accordance with the procedures set out in the report;

2. Endorses the proposal to convene further Pledging Conferences for the Fund, with the next such Pledging Conference to be held concurrently with the UNDP Pledging Conference for 1979;
3. Appeals to Governments and international organizations to contribute generously to the Fund;
4. Requests the Administrator to report to the Council at its twenty-sixth session on the activities of the Fund.

621st meeting
28 June 1978

L. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS
(item 17 (a)-(n))

25/16. Financial outlook for the second IPF cycle, 1977-1981, including the final expenditures for the first IPF cycle, 1972-1976

The Governing Council,

Desirous of achieving an expanding, assured and predictable financial base for UNDP, bearing in mind General Assembly resolutions 32/11⁴ and 32/197 of 15 and 20 December 1977, the purpose of which is to provide technical assistance to developing countries,

1. Takes note of the report of the Administrator on the financial outlook for the second IPF cycle 1977-1981, including the final expenditures for the first IPF cycle 1972-1976 (DP/336) and of the views expressed by the members of the Council at its twenty-fifth session;
2. Expresses satisfaction that total IPF expenditures for the first cycle amounted to 99.7 per cent of the total IPF expenditure targets approved for the first cycle;
3. Further takes note of the financial operations for the year 1977 and the financial position as at 31 December 1977;
4. Expresses concern over the low level of programme delivery in 1977 as compared with the level of expenditures planned for that year;
5. Requests the Administrator to continue his prudent efforts to increase the investment of UNDP funds in developing countries on safe, liquid and profitable terms consistent with the efficient and effective management of the Programme's resources and further requests the Administrator to report to the Governing Council at its next session on the results achieved;
6. Reiterates the decisions taken at its twenty-second, twenty-third and twenty-fourth sessions regarding the utilization of accumulated non-convertible currencies;

7. Takes note of the efforts being made by the Administrator with one Government in utilizing accumulated non-convertible currencies (see DP/336, para. 29);

8. Further takes note of the pledge of a special voluntary contribution of one Government of the equivalent of \$1.6 million to the general resources of UNDP to be used, if possible, within existing UNDP procedures, inter alia, for projects using TCDC concept and authorizes the write-off of \$1,593,020, being that Government's unpaid programme cost for the years 1973-1976, as an exceptional measure on the understanding that this action will not be considered a precedent for other such requests;

9. Requests the Administrator to intensify his efforts to collect all past amounts due and to remove uncollectable items from the UNDP accounts as soon as possible;

10. Calls upon the Administrator and the executing agencies to take the necessary steps to ensure better forward planning and to accelerate delivery in 1978 and subsequent years, consistent with the resources realized by the Programme for the second cycle and with the goal of ensuring the maximum possible delivery of the second cycle IPFs for all countries;

11. Appeals to all Governments to increase their voluntary contributions with a view to achieving the over-all growth rate recommended for the second cycle and bearing in mind the need for a better and wider distribution in providing resources for the programme;

12. Invites all Governments in a position to do so to consider indicating their likely voluntary contributions for a multiyear period;

13. Invites the Administrator to continue consultations on ways of achieving long-term financing for UNDP;

14. Further invites the Administrator to circulate, well in advance of the Pledging Conference, a document indicating:

(a) The total volume of contributions needed for the following year with a view to achieving the agreed five-year target for over-all resources for the second cycle;

(b) Forecast expenditures within the ceiling of available resources and the total of expected contributions and other income for that year;

15. Requests the Administrator to prepare for consideration by the Governing Council, at its twenty-sixth session a concise report on the feasibility of and possible procedures and models for achieving a more secure financial base for UNDP, including the possibility of multiyear financing of UNDP, taking into account the written and oral views expressed in the Council and the results of the next Pledging Conference;

16. Decides, in the light of the currently high level of liquid resources, and in order to ensure a sustained and orderly programme growth and to further

strengthen UNDP's financial position, to advance to the extent possible to 1978 the replenishment contributions to the operational reserve of \$50 million now scheduled for each of the years 1979 and 1980, thus freeing those sums for programme purposes in those years, while ensuring simultaneously that the planned programme delivery is in no way adversely affected and that the operational reserve is restored to its approved level of \$150 million as soon as feasible, and decides further to review this decision at its twenty-sixth session.

625th meeting
3 July 1978

25/17. Cost sharing

The Governing Council,

1. Takes note of the report of the Administrator on cost sharing arrangements (DP/300) which contained the draft guidelines, policies and procedures governing the administration of cost sharing arrangements pursuant to the Council's request;
2. Requests the Administrator to revise the comprehensive set of rules and procedures covering cost sharing and third party cost sharing taking into account the views expressed in the Governing Council on the subject;
3. Reiterates its request that the Governing Council be kept regularly informed on cost sharing arrangements and particularly third-country cost sharing so as to be able to assess the impact and possible implications of such arrangements on the programme as a whole;
4. Calls upon the Administrator to continue to apply the Governing Council's decision taken at its twenty-fourth session (see E/6013/Rev.1, 1/ para. 311) on the magnitude of cost sharing that may be accepted so that such arrangements do not impinge upon the multilateral character of the programme nor divert funds from the general resources of the programme;
5. Requests that exceptions to the limits on cost sharing established by the Governing Council be submitted to the Council for consideration;
6. Further requests the Administrator to prepare guidelines to ensure that when clearly identifiable additional administrative costs are incurred as a result of cost sharing arrangements, such additional costs are recovered from the cost sharing contributions;
7. Decides to review cost sharing arrangements at its twenty-sixth session on the basis of a detailed analytical report to be prepared by the Administrator showing the kinds of projects selected for cost sharing, the sectors involved and the clearly identifiable additional administrative costs involved. The study should also contain comments and recommendations relating to UNDP administrative costs arising out of field support for non-UNDP funded activities.

623rd meeting
30 June 1978

25/18. Development of the financial and programme information network

The Governing Council,

1. Takes note of the Administrator's progress reports on the Integrated Systems Improvement Project (ISIP) (DP/329 and DP/GC/XXV/BFC/CRP.5 and 7);
2. Endorses in principle the continuation of the ISIP project;
3. Requests the Administrator to proceed with the implementation of an improved financial and programme information system for UNDP as soon as possible;
4. Requests the Administrator in proceeding with phase II to review carefully the consultants' proposal with a view to making any appropriate amendments to ensure that a sound conceptual basis compatible with the decisions of the Governing Council exists for moving into the implementation phase, and to seek proposals for the implementation of phase II on as broad a basis as he deems necessary in order to achieve the most favourable contractual terms possible in a manner consistent with the requirements of the project;
5. Authorizes the Administrator to enter into a commitment for phase II of the ISIP project, up to a total amount of \$1.2 million, if required, with the financing of the project to be met from: (a) approximately \$700,000 from contributions already made and still available after completion of phase I; (b) special voluntary contributions to be made to UNDP for this purpose; (c) savings under the 1978 and 1979 administrative and programme support budgets; and (d) only to the extent that these additional resources may not become available, through supplementary budget estimates as provided for under financial rule 111.8.

625th meeting
3 July 1978

25/19. UNDP administrative and programme support costs for 1979; establishment of a biennial budget; and further distinguishing between administrative and programme support costs

The Governing Council,

Having considered the 1979 budget estimates for administrative and programme support services of the United Nations Development Programme (DP/335 and Corr.1 and Add.1 and 2),

1. (a) Approves appropriations in an amount of \$91,478,000 gross to be allocated from the resources of UNDP to finance the 1979 programme budget as follows:

<u>Programme</u>	<u>(US dollars)</u>
Policy-making organs	1,068,500
Executive direction and management	1,202,500
Programme management and support	42,268,500
Sectoral support services	5,082,400
Administrative and common services	39,678,100
United Nations Volunteers	1,459,600
United Nations Capital Development Fund	718,400
<u>Total gross</u>	<u>91,478,000</u>

-
- (b) Resolves that the income estimates in an amount of \$21,511,700 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net budget appropriations of \$69,966,300;

2. Agrees that the Administrator shall be authorized to transfer credits between programmes of the 1979 budget, within reasonable limits with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

3. (a) Approves appropriations in an amount of \$2,052,500 gross for the Office for Projects Execution to be financed from overheads received on projects executed by UNDP;

-
- (b) Resolves that the income estimates in an amount of \$299,500 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net budget appropriations of \$1,753,000;

4. (a) Approves appropriations of \$922,500 gross for the Office of Projects Execution United Nations Sahelian Office operations to be allocated from the resources of the United Nations Trust Fund for Sudano-Sahelian Activities;

-
- (b) Resolves that income estimates in an amount of \$115,700 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net budget appropriations of \$806,800;

5. (a) Approves appropriations in an amount of \$184,500 gross for the Office of Projects Execution CDF operations to be allocated from the resources of the Capital Development Fund;
- (b) Resolves that income estimates in an amount of \$15,100 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net budget appropriations of \$169,400;
6. (a) Approves appropriations in an amount of \$723,700 gross for support services for UNDP executed projects to be financed from overheads received on projects executed by UNDP. Of this amount, \$285,100 refers to the Bureau for Special Activities, Office of the Assistant Administrator; \$150,900 to Inter-Agency Procurement Services Unit; and \$287,700 to administrative and common services;
- (b) Resolves that income estimates in an amount of \$121,300 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net budget appropriations of \$602,400;
7. (a) Approves appropriations in the amount of \$627,700 gross for the United Nations Revolving Fund for Natural Resources Exploration to be allocated from the resources of the Fund;
- (b) Resolves that income estimates in an amount of \$76,800 shall be used to offset the gross appropriations in subparagraph (a) above, resulting in net budget appropriations of \$550,900;
8. (a) Approves appropriations in the amount of \$882,500 gross for the United Nations Sahelian Office to be allocated from the resources of the office;
- (b) Resolves that income estimates in an amount of \$114,600 shall be used to offset the gross appropriations in subparagraph (a) above resulting in net appropriations of \$767,900;
9. Requests the Administrator to endeavour to absorb the cost of an additional provisional post at the level of P-4 amounting to \$13,100 in 1978 and \$27,000 in 1979 from within the approved appropriations for those years;
10. Endorses the Administrator's proposal to submit at the twenty-sixth session of the Governing Council in June 1979, after consulting ACABQ on the format to be followed, a biennial programme budget covering the years 1980/1981 on an experimental basis, and using the methodology currently followed, taking into account also the views expressed by members of the Council at its twenty-fifth session;
11. Takes note that the Administrator will submit a further report at the twenty-sixth session of the Governing Council on the feasibility of further distinguishing between administrative and programme support costs in the budget document;
12. Reiterates its request to the Economic and Social Council to recommend to

the General Assembly that administrative expenses of the Capital Development Fund should be met from voluntary contributions made to that fund.

623rd meeting
30 June 1978, and

625th meeting
3 July 1978

25/20. Recruitment and use and prospects of reducing the costs of UNDP-financed experts

I

The Governing Council

1. Takes note with appreciation of the report on the role of experts in development co-operation prepared by the Joint Inspection Unit (DP/334) as well as the joint comments thereon provided by UNDP and the other organizations of the United Nations development system (DP/334/Add.2) and the background materials submitted by UNDP (DP/334/Add.1);

2. Reiterates the need for reducing the over-all costs of providing the expertise required by the developing countries through reduction in the costs of expert services and the increased use wherever possible, of other cost-effective methods of meeting the need of developing countries for technical assistance;

3. Reaffirms the importance of carrying out the task of furnishing the developing countries with technical assistance in such a manner that the basic technical co-operation purpose of promoting the self-reliance of the participating developing countries, with respect to their managerial, technical, administrative and research capabilities, is properly served;

4. Reaffirms the principle of government management and, in this connexion, recalls the following:

(a) A project assisted by the United Nations system is essentially an undertaking of the Government which, while retaining the responsibility for its initiation, formulation, implementation and follow-up, seeks the co-operation of the United Nations organizations in the process or parts thereof. The over-all management responsibility for the project rests with the Government and, in this sense, every project receiving the technical co-operation of the United Nations system is government-managed. UNDP and other organizations of the United Nations system should, in formulating and implementing their policies and procedures, ensure that their approach is consistent with the effective exercise of the prerogative by the Government, subject only to the provisions of any agreement which the Government may enter into with the organizations with regard to programmes and projects;

(b) Within this broad concept of government management, the Government may execute the project under government execution arrangements, as approved at the twentieth, twenty-second and twenty-third sessions of the Council, thus retaining full responsibility for all aspects of project execution, or it may utilize the traditional execution arrangements;

5. Requests the Administrator to take the following action, in consultation and co-operation with the participating and executing agencies of the United Nations system:

- (a) Assess the status of implementation of those measures cited in the report of the Joint Inspection Unit which have already been introduced in practice on the basis of previous decisions of the Council;
- (b) Examine the practical and other implications of the rest of the recommendations contained in the report of the Joint Inspection Unit, and, in this connexion, carry out supplementary studies to develop information and proposals concerning those areas or issues which were included in the original mandate but have not been fully dealt with in the report of the Joint Inspection Unit, such as: demand for and supply of expertise relative to levels of competence; systems of payment based on levels of competence; experience and features of direct recruitment of foreign staff undertaken by some developing countries; and alternative methods used by non-United Nations system organizations engaged in technical co-operation for meeting the needs for expertise; approaches and operational measures for helping to enhance self-reliance at the programme and project level within the over-all country context;

6. Further requests the Administrator to report to the Governing Council, at its twenty-sixth session, on the results of the measures indicated above.

II

7. Invites Governments to give their comments on the report of the Joint Inspection Unit and the related documentation submitted at the twenty-fifth session of the Governing Council, so that they may be considered along with the Administrator's report, at the twenty-sixth session of the Council.

625th meeting
3 July 1978

25/21. Custody of UNDP funds

The Governing Council

1. Takes note of the progress made in discussions between the Administrator and the Secretary-General on the question of custodianship of UNDP funds as reflected in the progress report of the Administrator (DP/343);

2. Agrees that the Administrator should accept the additional delegation of authority proposed by the Secretary-General in the letter to the Administrator dated 18 April 1978;

3. Requests the Administrator to continue discussions with the Secretary-General with a view to reaching complete agreement on the further delegation of authority necessary for the sound financial management of all UNDP resources;

4. Requests the Administrator to submit a further report to the Governing Council at its twenty-sixth session on the results of these further discussions,

together with the comments of the Advisory Committee on Administrative and Budgetary Questions on this matter.

623rd meeting
30 June 1978

25/22. Progress report of the Intergovernmental
Working Group on Support Costs

The Governing Council

1. Takes note of the interim report of the Intergovernmental Working Group on Overhead Costs (see annex III);
2. Approves the change in the name of the Group to "Intergovernmental Working Group on Support Costs";
3. Invites the executive agencies to provide information to the Working Group, at its next session in January 1979, on possible measures which could be taken to strengthen their procedures so that the actual level of support costs components can be more clearly identified.

623rd meeting
30 June 1978

25/23. Audit reports

The Governing Council

1. Takes note of the audit reports and audited accounts of the participating and executing agencies for the year ended 31 December 1976 relating to the funds allocated to them by UNDP, as contained in the note by the Administrator (DP/303);
2. Requests the Administrator to consult the Panel of External Auditors with a view to obtaining, as far as possible, a standard format for the audit reports submitted to the Governing Council in respect of funds provided by UNDP, which reports should also include any information on financial matters as well as management issues of interest to the Council along with any recommendations which the External Auditors might have thereon.

623rd meeting
30 June 1978

25/24. UNDP Financial Regulations and Rules

The Governing Council

1. Takes note of the note by the Administrator (DP/325) containing his proposals on new financial regulations and the addendum (DP/325/Add.1) containing the views of the Secretary-General, especially concerning the new financial regulation suggested by the United Nations Board of Auditors;

2. Approves the following new financial regulations:

"Regulation 3.5: The Operational Reserve authorized under Regulation 3.2 shall be established at the level of \$150,000,000 on a fully funded liquid basis;

"Regulation 3.6: The Administrator, taking into account the multilateral character of the Programme, is authorized to accept voluntary contributions from States Members of the United Nations or members of specialized agencies as Trust Funds for projects or programmes which have received the prior approval or endorsement of the General Assembly and/or the Economic and Social Council provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the prior consent of the Governing Council and the Governing Council shall be kept informed as to the amount accepted and the funds utilized by the Administrator and also as to the purposes for which such funds were expended;"

3. Agrees that the Administrator shall seek to achieve greater harmony and uniformity between the United Nations and UNDP Financial Regulations and Rules and requests the Administrator to submit to the Governing Council at the twenty-sixth session for its review and approval a report showing the existing UNDP Financial Regulations as compared with the United Nations Financial Regulations along with specific proposals for these United Nations Regulations which the Council might adopt as applicable to UNDP and those cases where exceptions or additions are needed;

4. Requests the Administrator to include in the report to the Governing Council at its twenty-sixth session for its information similar data on the Financial Rules which the Administrator will promulgate in conjunction with the Council's approval of the UNDP Financial Regulations.

623rd meeting
30 June 1978

25/25. Sectoral support

The Governing Council

Bearing in mind the multidimensional character of the development process and the central funding and co-ordinating role of UNDP as recognized by the General Assembly,

Recognizing the importance of providing adequate, effective and timely sectoral support to developing countries to assist them in achieving their development objectives,

Emphasizing the role of the specialized agencies in providing such support,

Noting the funding for sectoral support provided by the agencies,

Taking into account the views expressed in the Budgetary and Finance Committee during its consideration of this item,

Emphasizing that UNDP should finance sectoral support costs for the UNDP-financed technical programmes only to the extent that such sectoral support is in addition to the regular programme functions of the executing agency,

1. Takes note of the report by the Administrator on sectoral support (DP/323 and Corr. 1 and 2) and of the additional information provided to the Budget and Finance Committee;

2. Approves an additional appropriation for 1979 for agencies other than FAO and UNIDO for which UNDP is already providing such finances, in the net amount of \$1,400,000 to finance additional Sectoral Advisers, to be used at the discretion of the Administrator, but in the first instance in respect of requests submitted in the report of the Administrator for new programmes under the major programme "sectoral support services" of the Administrative and Programme Support budget;

3. Requests the Administrator to report at the twenty-sixth session of the Council on the use of the appropriation for sectoral support, particularly in the light of the experience gained in providing adequate sectoral support to the single designated official at the country level in accordance with paragraph 34 of the annex to General Assembly resolution 32/197 of 20 December 1977, and in consultation with the executing agencies, to propose future arrangements, including arrangements to the extent feasible on the sharing of costs in those cases where Sectoral Advisers undertake such other functions as recognized by UNDP and the executing agencies as not directly in support of UNDP-financed activities.

625th meeting
3 July 1978

25/26. Report on the Consultative Group on
Food Production and Investment

The Governing Council

Drawing attention to the importance of the development of food plans,

1. Takes note of the report of the Administrator on the Consultative Group on Food Production and Investment (DP/304);

2. Requests the Administrator to report the views of the Governing Council to the World Food Council.

625th meeting
3 July 1978

25/27. Request by the International Telecommunication Union
for additional overhead reimbursement for 1977

The Governing Council

1. Takes note of the request by the International Telecommunication Union for additional overhead reimbursement for 1977 (DP/345);

2. Authorizes the Administrator to reimburse an amount of \$270,466 to the International Telecommunication Union representing a special overhead reimbursement

in respect of the year 1977, as an exceptional measure and without making it a precedent for overhead payments to smaller agencies in future.

625th meeting
3 July 1978

25/28. Fisheries vessels pool

The Governing Council

1. Takes note of the report on the fisheries vessels pool (DP/311);
2. Requests the Administrator to take into account the observations made by the Budgetary and Finance Committee on this subject.

625th meeting
3 July 1978

25/29. Interagency procurement services

The Governing Council

1. Takes note of the report by the Administrator on interagency procurement services (DP/327 and Corr.1);
2. Expresses satisfaction with the progress made by the Inter-Agency Procurement Services Unit since its establishment as of 1 January 1978;
3. Requests the Administrator to submit at the twenty-sixth session of the Governing Council a comprehensive progress report on the activities of the Inter-Agency Procurement Services Unit, including a detailed analytical report on the use and procurement of vehicles;
4. Reaffirms its view that the over-all objective and overriding concern of the Unit should be to procure equipment at the lowest possible cost consistent with the maintenance of adequate standards;
5. Requests that the Inter-Agency Procurement Services Unit, while maintaining as its primary objective that mentioned above, take into account the following three subsidiary objectives:
 - (a) To increase procurement from the developing countries;
 - (b) To increase utilization of non-convertible currencies;
 - (c) To achieve a wider geographical distribution of services of supply;
6. Takes note of alternative arrangements made through the International Trade Centre for supporting the activities of the Unit in respect of increasing procurement of equipment and supplies from developing countries, thus avoiding any increase in the Unit's staff or budget.

625th meeting
3 July 1978

The Governing Council

1. Decides that before a decision is taken by the Governing Council, the Administrator shall, wherever applicable, inform the Council of the financial implications of the decision in question, such information to be considered by the Budgetary and Finance Committee of the Governing Council before the decision is taken by the Council;

2. Requests the Administrator to submit to the Governing Council concise, action and operation-oriented documents, inter alia, by adopting the following steps:

(a) Preface each Governing Council document with a brief summary of its contents;

(b) Indicate clearly in each Governing Council document whether the Council is expected to take action on the basis of the document and what action is proposed by the Administrator;

3. Requests the Administrator to introduce a code system, in the manner customary in other United Nations organizations, for the identification of Governing Council resolutions and decisions, the system being so designed that it can be applied retroactively to all Governing Council decisions;

4. Decides to review the question of documentation including the format of the Governing Council's report and the provision of summary records at its twenty-sixth session, particularly in the light of any relevant decisions, if any, of the General Assembly at its thirty-third session.

625th meeting
3 July 1978

M. UNITED NATIONS FUND FOR POPULATION ACTIVITIES (item 18)

25/31. United Nations Fund for Population Activities

I

The Governing Council

Taking into account the comments made during the consideration of item 18,

1. Takes note of the report of the Executive Director of UNFPA on 1977 activities and the future programme (DP/308 and Corr. 1 and 2 and DP/308/ANNEX and Corr.1);

2. Approves, on the understanding that they will be resubmitted for Council review after two years:

(a) The programme in Afghanistan (DP/FPA/8/Add.3) in the amount of \$15 million for five years;

(b) The programme in the Republic of Korea (DP/FPA/8/Add.7) in the amount of \$2,266,616 for three-and-one-half years;

(c) The programme in Tunisia (DP/FPA/8/Add.1 and Corr.1) in the amount of \$4 million for five years;

(d) The programme in Viet Nam (DP/FPA/8/Add.4 and Corr.1) in the amount of \$17 million for five years, on the understanding that the reserve of around \$4.8 million will be programmed taking into account the views expressed by members of the Council on UNFPA support to population distribution activities;

3. Approves the remaining portions of the UNFPA programmes in Nigeria (DP/FPA/8/Add.2), Haiti (DP/FPA/8/Add.5), Jordan (DP/FPA/8/Add.6) and the Syrian Arab Republic (DP/FPA/8/Add.8), and on UNFPA support to the United Nations Romanian Demographic Centre (DP/FPA/8/Add.9 and Corr.1);

4. Takes note with appreciation of the Executive Director's report on UNFPA support of intercountry activities and the progress that has been made (DP/332); and

5. Considers favourably the Executive Director's initiative to establish an experimental mechanism for co-ordinating intercountry activities and for promoting more integrated programmes addressed to problems common to the countries in the respective geographical areas and encourages further efforts of this kind;

6. Urges the Executive Director, in consultation with the international organizations concerned, to co-ordinate approaches by organizations in the United Nations system for identifying and meeting country needs and to continue his efforts to streamline regional, interregional and global activities supported by UNFPA;

7. Further requests the Executive Director to submit at the twenty-sixth session of the Governing Council, bearing in mind the views expressed in the Council:

(a) Cost estimates for intercountry activities;

(b) Suggested priorities at levels of financing equal to 20, 25 and 30 per cent of projected 1982 resources;

8. Agrees that the Fund should continue the trend towards providing an increasing proportion of UNFPA resources to country programmes;

9. Requests the Executive Director to continue to reduce infrastructure support and payment of overhead costs and to submit at the next meeting of the Council his recommendations concerning the rationale for future support;

10. Also requests that, in order to assist the Council in reaching informed decisions on the types of programmes and the level of future support for intercountry activities to be approved by it, the Executive Director provide the Council with proposed programmes specifically related to basic country needs in the major programme areas recommended in this report;

11. Appreciates the Executive Director's report on the evaluation of UNFPA projects (DP/331), endorses the approach and methodology described therein, and requests him to supply similar reports periodically in the future;

12. Shares the Executive Director's view that research on contraceptive technology is crucial to the attainment of the Fund's objectives and further

takes note of his decisions to provide UNFPA assistance for the 1977 and 1978 activities of the WHO Special Programme of Research, Development and Research Training in Human Reproduction and requests him to provide, for approval by the Governing Council at its next session, specific proposals for the future support of global programmes of an innovative character including the WHO Special Programme;

13. Decides to give the Executive Director additional approval authority of \$10 million for 1978, \$67.5 million for 1979 to bring the total for 1979 to \$120 million, \$42.5 million for 1980 and \$20 million for 1981, on the understanding that the Executive Director will limit the approval of projects to available resources.

II

The Governing Council

Having considered the 1979 budget estimates for administrative and programme support services of the United Nations Fund for Population Activities (DP/333), together with the report of the ACABQ (DP/344),

1. Approves appropriations in the amount of \$5,390,104 net to be allocated from the resources of UNFPA as submitted in the budget estimates, amended to delete one new post each at the P-4 and G-4 levels and to reclassify only one post to the D-1 level and one post to the P-5 level, to finance the 1979 programme budget as follows:

<u>Programme</u>	<u>(US dollars)</u>
Executive direction and management	839,532
Administration and public information support services	1,500,546
Programme planning, appraisal and monitoring	<u>3,050,026</u>
TOTAL NET	<u>5,390,104</u>

2. Agrees that the Executive Director shall be authorized to transfer credits between programmes of the 1978 and 1979 budgets, within reasonable limits, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;

3. Agrees that until the review at the twenty-sixth session of the Governing Council the UNFPA shall continue the practice of funding field co-ordinator posts from project funds and of including the data on such posts in the UNFPA Administrative and Programme Support Budget for information purposes;

4. Takes note of the UNFPA financial report and accounts for the year ended 31 December 1976 and the report of the Board of Auditors; 21/

5. Requests the Executive Director to submit at the twenty-sixth session of the Governing Council an outline of a long-term staffing proposal taking into account views expressed in the Council at its twenty-fifth session.

622nd meeting
29 June 1978

21/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 7 G (A/32/7/Add.7).

N. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES (item 19)

25/32. United Nations technical co-operation activities

The Governing Council

Takes note of the report of the Secretary-General on the United Nations technical co-operation activities (DP/RP/19) and of the views expressed during the consideration of this item.

620th meeting
27 June 1978

O. INFORMATION ON THE REGULAR AND EXTRABUDGETARY PROGRAMMES OF TECHNICAL CO-OPERATION OF ORGANIZATIONS IN THE UNITED NATIONS SYSTEM (item 6)

25/33. Information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system

The Governing Council

1. Takes note of the report of the Administrator containing information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system in 1977 (DP/337 and DP/337/ANNEX), and the comments made by members of the Council during the consideration of this item;

2. Requests the Administrator to continue his efforts at improving the information on technical co-operation flows in the United Nations system, and to report further thereon at the twenty-sixth session of the Governing Council in connexion with his report on 1978 regular programme and extrabudgetary technical co-operation activities.

618th meeting
26 June 1978

P. DATE AND PROVISIONAL AGENDA FOR THE TWENTY-SIXTH SESSION

25/34. Date and provisional agenda for the twenty-sixth session of the Governing Council

I

The Governing Council

Agrees on the following provisional agenda for its twenty-sixth session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda

4. Annual report of the Administrator for 1978
5. Role and activities of the United Nations Development Programme
6. Mid-term review of the second UNDP programme cycle, 1977-1981, and preparation for the third cycle, 1982-1986
7. Information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system
8. United Nations Sahelian Office and drought-stricken countries in Africa and adjacent areas
9. United Nations Volunteers
10. United Nations Capital Development Fund
11. United Nations Revolving Fund for Natural Resources Exploration
12. United Nations Special Fund for Land-Locked Developing Countries
13. Technical co-operation among developing countries
14. Action taken in 1978 by organs of the United Nations and organizations in the United Nations system
15. Country and intercountry programming and projects
16. Consideration of: (a) operational and policy matters regarding the implementation of country, intercountry and global programmes and projects; (b) the related procedures of the Governing Council for dealing with programme matters
17. Budgetary, administrative and financial matters
18. United Nations Fund for Population Activities
19. United Nations technical co-operation activities
20. Other matters
21. Date and provisional agenda for the twenty-seventh session of the Governing Council
22. Draft report of the Governing Council to the second regular session, 1979, of the Economic and Social Council

623rd meeting
30 June 1978

II

The Governing Council,

Recalling its decision on the frequency and timing of its future sessions adopted at its twenty-fourth session (E/6013/Rev.1, 1/ para. 549),

Decides, subject to confirmation by the General Assembly, that:

(a) The Council will hold its twenty-sixth session in June 1979 in New York, unless the Council decides to accept an invitation to meet elsewhere;

(b) The Council will hold a three-day meeting in January 1979 in New York, devoted to the consideration and approval of country and intercountry programmes and projects, it being understood that the Administrator, in preparing the work of the Programme in future years, will exercise his best endeavours to present all country and intercountry programmes and projects to the Council for approval at its annual sessions;

(c) The Intergovernmental Working Group on Support Costs 22/ will hold its third session for a three-day period in January 1979, in New York, immediately before the January meetings of the Council.

624th meeting
30 June 1978

22/ See decision 25/22.

ANNEX I

REPRESENTATION AT THE TWENTY-FIFTH SESSION

1. The following members of the Governing Council were represented at the session: Argentina, Australia, Austria, Belgium, Brazil, Burundi, Canada, Colombia, Congo, Cuba, Czechoslovakia, Democratic Yemen, Denmark, Ecuador, Finland, France, Germany, Federal Republic of, India, Indonesia, Iran, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Madagascar, Mali, Mexico, Netherlands, Norway, Pakistan, Poland, Romania, Senegal, Sierra Leone, Spain, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yemen.

2. The following States were represented by observers: Algeria, Bangladesh, Bhutan, Bulgaria, Chile, China, Egypt, Ethiopia, Fiji, Gabon, Gambia, German Democratic Republic, Ghana, Greece, Guatemala, Hungary, Ireland, Israel, Jamaica, Lebanon, Libyan Arab Jamahiriya, Luxembourg, Malta, Mongolia, Nigeria, Philippines, Portugal, Republic of Korea, Sri Lanka, Sudan, Turkey, Venezuela, Viet Nam, Yugoslavia, Zaire.

3. A representative of the United Nations Council for Namibia also participated as an observer.

4. The following United Nations offices and programmes were represented: United Nations Secretariat, United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations Environment Programme, United Nations Children's Fund, World Food Programme, Office of the United Nations High Commissioner for Refugees, United Nations Fund for Drug Abuse Control, Joint Inspection Unit.

5. The following specialized agencies and other organizations of the United Nations system were represented: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization, World Intellectual Property Organization, International Fund for Agriculture Development, International Atomic Energy Agency, International Trade Centre.

6. Observers for the following intergovernmental organizations participated: Asian Development Bank, Council for Arab Economic Unity, European Economic Community, Inter-American Development Bank, Organization of American States.

7. An observer for the Palestine Liberation Organization attended the session.

8. Observers for the following national liberation movements also attended: African National Congress, Pan Africanist Congress, South West Africa People's Organization.

9. An observer for the International Council of Voluntary Agencies, a non-governmental organization having consultative status, attended the session.

ANNEX II

RECORD OF THE JANUARY 1978 MEETINGS OF THE GOVERNING COUNCIL a/

1. The Governing Council of the United Nations Development Programme held five meetings at United Nations Headquarters, New York, from 18 to 20 January 1978 to consider and approve country and intercountry programmes and projects in accordance with the decision of the Council adopted at its twenty-fourth session. b/
2. Mr. Johan Kaufman (Netherlands), President of the Governing Council, and Mr. Sarfraz Khan Malik (Pakistan), First Vice-President, presided over the meetings. Mr. P. J. Kuyembeh (Sierra Leone) served as Rapporteur.
3. Members of the Governing Council represented at the meetings, States represented by observers, organizations in the United Nations system and other intergovernmental bodies, as well as African liberation movements represented at the meetings are listed in appendix II to this report.
4. At its 593rd meeting, the Governing Council adopted the agenda reproduced as appendix I to this report.
5. The views expressed by delegations on agenda item 1, country and intercountry programming and projects, are contained in the relevant summary records of meetings (DP/SR.593-597). The views expressed by delegations on agenda item 2, United Nations Revolving Fund for Natural Resources Exploration, are contained in DP/SR.597.

Decisions of the Governing Council

6. At its 597th meeting, on 20 January 1978, the Governing Council adopted the following decisions:

Country and intercountry programming and projects

The Governing Council

1. Approves the proposed country programmes for Cape Verde (DP/GC/CVI/R.1 and Corr.1); Chad (DP/GC/CHD/R.2); Czechoslovakia (DP/GC/CZE/R.2); Egypt (DP/GC/EGY/R.2 and Corr.1); Gambia (DP/GC/GAM/R.2); Greece (DP/GC/GRE/R.2 and Corr.1); Hungary (DP/GC/HUN/R.2); Kenya (DP/GC/KEN/R.3 and Corr.1); Mali

a/ Document DP/296.

b/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 554.

(DP/GC/MLI/R.2); Malta (DP/GC/MAT/R.2); Mauritania (DP/GC/MAU/R.1 and Corr.1), Mongolia (DP/GC/MON/R.2); Niger (DP/GC/NER/R.2); Paraguay (DP/GC/PAR/R.2); Senegal (DP/GC/SEN/R.2); Togo (DP/GC/TOG/R.2); Trust Territory of the Pacific Islands (DP/GC/TTP/R.1); Tunisia (DP/GC/TUN/R.2); Upper Volta (DP/GC/UPV/R.2); Uruguay (DP/GC/URU/R.2), for the duration of their respective programme periods and within the limits of the Indicative Planning Figures (IPFs) for 1977-1981, taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 IPFs; and authorizes the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective country programmes, while ensuring, in accordance with the decision of the Governing Council at its eighteenth session, that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time;

2. Approves the projects for assistance to Viet Nam in building sites surveying and investigations (VIE/76/005) (DP/PROJECTS/R.9/Add.7) and National Institute of Agricultural Sciences (VIE/76/002) (DP/PROJECTS/R.9/Add.8); and authorizes the Administrator to make the appropriate arrangements with the Government and the executing agencies for the execution of those projects;

3. Approves the Administrator's recommendation to waive the government counterpart contribution for the African Institute for Economic Development and Planning, Dakar (RAF/71/193) (DP/294);

4. Approves the following global projects: The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) African Co-operative Programme for the Improvement of Sorghums and Millets (Phase II) (GLO/77/002) (DP/PROJECTS/R.9/Add.1); The International Laboratory of Research on Animal Diseases (ILRAD) Research and Training on Animal Trypanosomiasis (GLO/77/008) (DP/PROJECTS/R.9/Add.2); The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) Research and Training in Sorghums and Millets (Phase II) (GLO/77/005) (DP/PROJECTS/R.9/Add.3); Special Programme for Research and Training in Tropical Diseases: Research and Training on Human Trypanosomiasis (GLO/77/007) (DP/PROJECTS/R.9/Add.4); Integrated Cotton Research and Development Programme (Preparatory Assistance) (GLO/76/001) (DP/PROJECTS/R.9/Add.5); The International Centre of Insect Physiology and Ecology (ICIPE) (Phase II) (GLO/76/004) (DP/PROJECTS/R.9/Add.6); and authorizes the Administrator to make the appropriate arrangements for the execution of those projects;

5. Takes note of the separation of the former Ellice Islands (Tuvalu) from the Gilbert and Ellice Islands; of General Assembly resolution 32/23 on the Gilbert Islands and General Assembly decision 32/407 on Tuvalu; and of the Governing Council's earlier decisions establishing Indicative Planning Figures (IPFs) for 1977-1981 and decides that, in place of the previously determined \$1.1 million 1977-1981 IPF for Gilbert Islands and Tuvalu, c/ in accordance with the established criteria for determining the allocation of resources, the 1977-1981 IPF should be \$550,000 for Gilbert Islands and \$550,000 for Tuvalu; and that, on achieving independence during the current IPF cycle, the 1977-1981 IPFs for Gilbert Islands and Tuvalu should each be \$1.14 million, d/ which figure may now be used for planning purposes.

c/ Ibid., Sixty-first Session, Supplement No. 2A (E/5846/Rev.1), annex II.

d/ Ibid., Supplement No. 2A (E/5846/Rev.1), para. 292 (b) (i).

United Nations Revolving Fund for Natural Resources Exploration

The Governing Council

1. Approves the project "Copper/Gold Exploration in the Rio Pito Area, Panama" (PAN/NR/77/001) (DP/287) involving a minimum work plan of the equivalent of \$500,000 as an obligation of the United Nations Revolving Fund for Natural Resources Exploration and possible additional expenditures for further activities following the minimum work plan up to a maximum of \$500,000 bringing total possible expenditure to the equivalent of \$1 million;
 2. Approves the project "Mineral Exploration in the Province of Chubut, Argentina" (ARG/NR/77/001) (DP/288) involving a minimum work plan of the equivalent of \$940,000, as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities following the minimum work plan up to a maximum of \$1,500,000, bringing the total possible expenditure to the equivalent of \$2,440,000;
 3. Approves the project "Mineral Exploration in Western Cyprus, Cyprus" (CYP/NR/77/001) (DP/290) involving a minimum work plan of the equivalent of \$195,000, as an obligation of the United Nations Revolving Fund for Natural Resources Exploration, and possible additional expenditures for further activities following the minimum work plan up to a maximum of \$750,000 bringing the total possible expenditure to the equivalent of \$945,000;
 4. Approves the project "Mineral Exploration of the South-east Anatolian Ophiolite Belt (Dicle-Sason Sector), Turkey" (TUR/NR/77/001) (DP/293) involving a minimum work plan of the equivalent of \$210,000 as an obligation of the United Nations Revolving Fund for Natural Resources Exploration and possible additional expenditures for further activities following the minimum work plan up to a maximum of \$2 million, bringing total possible expenditure to the equivalent of \$2,210,000;
 5. Decides that those approvals shall be cancelled unless the respective Governments and the Fund shall have signed project agreements within a period of nine months after the date of those approvals, it being understood that the Governing Council shall be notified of any such cancellation at the Council's first session after such action has been taken;
 6. Takes note that negotiations are continuing on the project "Mineral Exploration in the Eastern Desert, Egypt" (EGY/NR/77/001) (DP/291);
 7. Takes note of document DP/133/Rev.1 on mineral exploration in the Cordillera de los Andes, Bolivia (BOL/NR/75/001).
7. At the same meeting, the Governing Council further decided that its report on the January 1978 meetings would consist of the decisions taken and reference to the summary records (DP/SR.593-597).

Appendix I

AGENDA

1. Country and intercountry programming and projects

(a) Country programmes

Relevant Problems and Trends of Proposed Country Programmes (DP/289 and Corr.1); Cape Verde (DP/GC/CVI/R.1 and Corr.1 and DP/GC/CVI/R.1/RECOMMENDATION); Chad (DP/GC/CHD/R.2 and DP/GC/CHD/R.2/RECOMMENDATION); Czechoslovakia (DP/GC/CZE/R.2 and DP/GC/CZE/R.2/RECOMMENDATION); Egypt (DP/GC/EGY/R.2 and Corr.1 and DP/GC/EGY/R.2/RECOMMENDATION); Gambia (DP/GC/GAM/R.2 and DP/GC/GAM/R.2/RECOMMENDATION); Greece (DP/GC/GRE/R.2 and Corr.1 and DP/GC/GRE/R.2/RECOMMENDATION); Hungary (DP/GC/HUN/R.2 and DP/GC/HUN/R.2/RECOMMENDATION); Kenya (DP/GC/KEN/R.3 and Corr.1 and DP/GC/KEN/R.3/RECOMMENDATION); Mali (DP/GC/MLI/R.2 and DP/GC/MLI/R.2/RECOMMENDATION); Malta (DP/GC/MAT/R.2 and DP/GC/MAT/R.2/RECOMMENDATION); Mauritania (DP/GC/MAU/R.1 and Corr.1 and DP/GC/MAU/R.1/RECOMMENDATION); Mongolia (DP/GC/MON/R.2 and DP/GC/MON/R.2/RECOMMENDATION); Niger (DP/GC/NER/R.2 and DP/GC/NER/R.2/RECOMMENDATION); Paraguay (DP/GC/PAR/R.2 and DP/GC/PAR/R.2/RECOMMENDATION and Corr.1); Senegal (DP/GC/SEN/R.2 and DP/GC/SEN/R.2/RECOMMENDATION); Togo (DP/GC/TOG/R.2 and DP/GC/TOG/R.2/RECOMMENDATION); Trust Territory of the Pacific Islands (DP/GC/TTP/R.1 and DP/GC/TTP/R.1/RECOMMENDATION, Tunisia (DP/GC/TUN/R.2 and DP/GC/TUN/R.2/RECOMMENDATION); Upper Volta (DP/GC/UPV/R.2 and DP/GC/UPV/R.2/RECOMMENDATION); Uruguay (DP/GC/URU/R.2 and DP/GC/URU/R.2/RECOMMENDATION).

(b) Country projects

Viet Nam: Building Sites Surveying and Investigations (VIE/76/005) (DP/PROJECTS/R.9/Add.7); National Institute of Agricultural Sciences (VIE/76/002) (DP/PROJECTS/R.9/Add.8).

(c) Regional project

African Institute for Economic Development and Planning, Dakar (RAF/71/193) (DP/294).

(d) Global projects

The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) African Co-operative Programme for the Improvement of Sorghums and Millets (Phase II) (GLO/77/002) (DP/PROJECTS/R.9/Add.1); The International Laboratory of Research on Animal Diseases (ILRAD) Research and Training on Animal Trypanosomiasis (GLO/77/008) (DP/PROJECTS/R.9/Add.2); The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) Research and Training in Sorghums and Millets (Phase II) (GLO/77/005) (DP/PROJECTS/R.9/Add.3); Special Programme for Research and Training in Tropical Diseases: Research and Training on Human Trypanosomiasis (GLO/77/007) (DP/PROJECTS/R.9/Add.4); Integrated Cotton Research and Development Programme (Preparatory Assistance) (GLO/76/001)

(DP/PROJECTS/R.9/Add.5); The International Centre of Insect Physiology and Ecology (ICIPE) (Phase II) (GLO/76/004) (DP/PROJECTS/R.9/Add.6).

2. United Nations Revolving Fund for Natural Resources Exploration

Copper/Gold Exploration in the Rio Pito Area, Panama (PAN/NR/77/001) (DP/287); Mineral Exploration in the Province of Chubut, Argentina (ARG/NR/77/001) (DP/288); Mineral Exploration in the Eastern Desert, Egypt (EGY/NR/77/001) (DP/291); Mineral Exploration in Western Cyprus, Cyprus (CYP/NR/77/001) (DP/290); Mineral Exploration of the South-east Anatolian Ophiolite Belt (Dicle-Sason Sector), Turkey (TUR/NR/77/001) (DP/293); Mineral Exploration in the Cordillera de los Andes, Bolivia (BOL/NR/76/001) (DP/133/Rev.1).

Appendix II

REPRESENTATION AT THE JANUARY 1978 MEETINGS

Members of the Governing Council

Argentina, Australia, Austria, Belgium, Brazil, Burundi, Canada, Colombia, Cuba, Czechoslovakia, Democratic Yemen, Denmark, Ecuador, Finland, France, Germany, Federal Republic of, Guinea, India, Indonesia, Iran, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Madagascar, Mali, Mexico, Netherlands, Norway, Pakistan, Poland, Romania, Senegal, Sierra Leone, Spain, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yemen.

States represented by observers

Barbados, Bangladesh, Bolivia, Cape Verde, Chad, Chile, China, Egypt, Gabon, German Democratic Republic, Greece, Guatemala, Honduras, Hungary, Israel, Jamaica, Lao People's Democratic Republic, Malta, Mauritania, Mongolia, Nepal, Niger, Portugal, Republic of Korea, Rwanda, Sri Lanka, Sudan, Suriname, Viet Nam, Togo, Turkey, Uruguay, Yugoslavia.

United Nations and related bodies

United Nations, United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations Environment Programme, United Nations Children's Fund, United Nations High Commissioner for Refugees, World Food Programme, United Nations Fund for Population Activities.

Specialized agencies

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

Other intergovernmental organizations

European Economic Community, Inter-American Development Bank, Organization of American States, World Tourism Organization.

African national liberation movements

South West Africa People's Organization (SWAPO).

ANNEX III

INTERIM REPORT OF THE INTERGOVERNMENTAL WORKING GROUP ON SUPPORT COSTS a/

This report comprises two parts: part I reflecting the discussions and action by the Intergovernmental Working Group on Support Costs at its first session held in January 1978; and part II covering the discussions and action by the Group at its second session held in June 1978.

a/ At its twenty-fifth session, the Governing Council approved the change in the name of the Group from "Intergovernmental Working Group on Overhead Costs" to "Intergovernmental Working Group on Support Costs" (see decision 25/22).

PART I

First session of the Intergovernmental Working Group on Support Costs

1. The Intergovernmental Working Group on Overhead Costs, b/ which was established by the Governing Council of the United Nations Development Programme at its twenty-fourth session, held its first session at United Nations Headquarters on 16 and 17 January 1978.

I. ORGANIZATION OF THE SESSION

Attendance

2. A list of members of the Governing Council represented at the session of the Working Group, States represented by observers, and organizations in the United Nations system and other intergovernmental bodies which were represented can be found in the annex to document DP/WGOC/L.1 and Corr.1.

Election of officers

3. The session was opened by the President of the Governing Council, who referred briefly to the terms of reference of the Working Group and the decision of the Governing Council establishing it, and pointed out that it was open to all members of the Council, as well as to observers from other member States. The President proposed that the Group choose its own Chairman and suggested that Mr. Sarfraz Khan MALIK (Pakistan), the First Vice-President of the Council, who was also the Chairman of the Budgetary and Finance Committee, be elected. The Group agreed to this suggestion and elected Mr. Malik Chairman.

4. In his opening statement the Chairman suggested that the Working Group elect a Rapporteur and suggested that since a representative of Sweden was the Rapporteur of the Budgetary and Finance Committee, the same arrangement be made for Rapporteur of the Working Group as well. This suggestion was accepted and Mr. Peter OSVALD (Sweden) was chosen Rapporteur.

Agenda and organization of work

5. The Chairman welcomed the Administrator of UNDP and his associates as well as the representatives of the executive heads of several agencies and invited them to participate actively in the work of the Group.

b/ See Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/6013/Rev.1), para. 348.

6. The Chairman then drew attention to the provisional annotated agenda (DP/WGOC/16) which he considered reflected the general expectation that the first session of the Group would be an organizing and preparatory session devoted to determining (a) how the Group wished to approach its task and try to identify the various elements or questions to be examined; (b) a review of the documentation available and comments on them as well as any expression of general views; (c) the identification of the further information and documentation which the Group may need for its further work from the Administrator, heads of agencies or other entities; and (d) the programme and time-table for future work. He then referred to the documentation that had been provided which contained the views of the executing agencies, the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors, the Joint Inspection Unit. The Chairman also suggested that an interim report to be submitted to the Governing Council in June 1978 might incorporate the results from the present session as well as the second session planned for early June and might be approved in June. It was agreed that this was an acceptable method of proceeding and document DP/WGOC/16 was accepted as a guide for proceeding with the work of the first session.

7. In addition to the annotated agenda (DP/WGOC/16), the Working Group had before it the following documents:

- (a) Two notes by the Administrator (DP/WGOC/11 and DP/WGOC/CRP.1 and Corr.1)
- (b) Views of the Advisory Committee on Administrative and Budgetary Questions (DP/WGOC/10)
- (c) Views of the United Nations Audit Operations Committee (DP/WGOC/8)
- (d) Views of the Joint Inspection Unit (DP/WGOC/1)
- (e) Views of the specialized and executing agencies: ICAO (DP/WGOC/2); WHO (DP/WGOC/3); UNIDO (DP/WGOC/4); FAO (DP/WGOC/5); WMO (DP/WGOC/6); World Bank (DP/WGOC/7); ILO (DP/WGOC/9); ITU (DP/WGOC/12); UNESCO (DP/WGOC/13); WIPO (DP/WGOC/14); UPU (DP/WGOC/15); United Nations (DP/WGOC/17).

II. INTRODUCTORY REMARKS BY THE ADMINISTRATOR

8. In his opening remarks to the Working Group, the Administrator referred to the very complex nature of the overheads question and to his view, which he had stated at the twenty-fourth session of the Council in June 1977, that the question had much broader dimensions than purely financial ones and that it had to be resolved through a policy decision by Governments through mutual consultations and consensus in the appropriate intergovernmental bodies. It was for this reason that he had submitted a document at the twenty-fourth session (DP/259) outlining several options rather than a specific recommendation for consideration by Governments. The Administrator had not departed from that position and, for that reason, had not submitted a position paper at this stage. A résumé of the background to the problem over the years had nevertheless been provided (DP/WGOC/CRP.1). The Administrator also underlined that the introduction of any new arrangements must be according to a mutually agreed time schedule, taking into account the normal budgetary processes and cycles of the several organizations;

this is a point to which he and the executive heads of the organizations attached special importance. He added that in the light of the expected time-table of the Working Group and of the budgetary cycles of the organizations, it was reasonable to suggest that any new arrangements could not be implemented earlier than 1982, which also would coincide with the start of the next IPF cycle.

III. SUMMARY OF DISCUSSION

9. In view of the interrelatedness of the agenda items, most members referred to them interchangeably. The following summary, therefore, does not relate to any item exclusively nor is it arranged in chronological fashion; it highlights the significant points made in the discussions that took place.

10. During the discussion several members as well as the Chairman stressed the importance of considering three basic points that needed to be addressed by the Working Group: (a) determination of the proper terminology to be used, the term "support costs" being favoured by most speakers, as well as its clear definition including a listing of the cost elements to be covered under the definition; (b) a system or the means for calculation of these cost elements; and (c) an arrangement for the distribution of these costs between UNDP and the agencies. It was generally agreed that point (c) was a matter for an intergovernmental policy decision and would arise at a somewhat later stage in the review of the question of overheads.

11. Several members referred to the criteria to which any new system should conform and which had been outlined in the Governing Council decision of June 1977. c/ They felt that it was essential to seek reductions in the costs associated with the delivery of technical co-operation programmes in order to make the maximum resources available for direct assistance to the developing countries. In this connexion, it was pointed out that over the period 1972-1976 UNDP and agency overheads had increased more rapidly than project costs. Several members felt that the system should have a built-in incentive element to achieve this purpose. One member thought that the new system should have an internal control mechanism to ensure that maximum utility was obtained from the funds provided for "overhead" support functions which would also act as an incentive to reduce such costs. The new system should be simple and should be applicable to all extrabudgetary technical co-operation activities of the United Nations system. Several members referred to the principle of partnership in sharing the costs of the functions between UNDP and the agencies as well as taking into consideration the special situation of the smaller agencies. It was pointed out in this regard that support for technical co-operation activities had increasingly become an important function of the agencies. One member felt that it was important for the developing countries to be able to participate in determining the amount of overhead to be paid. The point was also made that an account should be available, preferably to the Governing Council of UNDP, of how agencies utilized overhead reimbursement moneys.

12. Agency representatives stressed the importance of stability in knowing how much they could expect to receive in the form of overhead reimbursement in order

c/ Ibid.

to plan their activities and support functions accordingly. While one agency opted for full reimbursement of overhead costs, agencies on the whole favoured the acceptance of the present 14 per cent compromise arrangement as a permanent solution. They doubted whether a continued effort could bring about a new long-term solution. However, most agency representatives declared that they were prepared to participate in the discussion and elaboration of any alternative system.

13. Most speakers referred to the JIU proposal contained in document DP/WGOC/1. Most members commended JIU for the proposals submitted by them, although a few members expressed disappointment at this proposal. However, it was generally agreed that the proposal could serve as the starting-point for further discussion if it were elaborated with greater detail. It was specifically suggested that JIU be requested to expand and complete its note, including the percentages and special formulae in the table at the end of the note, for consideration by the Working Group at its next session. It was further suggested that UNDP and the agencies should submit their separate views on the JIU proposal contained in document DP/WGOC/1 as soon as possible and also on the new and expanded JIU note when that was available.

14. It was also pointed out that the breakdown into the component elements of the support function reflected in the JIU proposal would help in a better understanding of that function and would facilitate dealing with situations where only some, and not all, of the support elements might be involved.

15. At the same time, it was pointed out that the JIU proposal did not contain the incentive required to reduce over-all costs. One member cautioned that if different rates were applied to different agencies, or on the basis of the different mix of component parts, distortions might develop in the decision-making process of Governments concerning the best method for project execution. Another member thought it particularly important to focus on differences emanating from the different mix of project components; the present practice of paying 14 per cent with respect also to equipment purchases appeared, to his Government, as a commission to the agencies. It was suggested that in the further elaboration of the JIU proposal greater attention should be paid to government execution and its consequences for overheads. Although several members were favourable to the approach of allowing for differing costs at the headquarters locations of the agencies, one member stated that his Government had expressed its opinion on the subject of inflation and high cost-of-living during the General Assembly and that a solution to this problem should be sought in a wider context.

16. The need to look at the impact of any new system in monetary terms was emphasized. Some reservations were expressed on the JIU suggestion that, for ensuring a measure of stability, UNDP reimbursement of support costs should not, as a rule, decline by more than 10 per cent from one year to the next. One member, however, welcomed the principle behind this suggestion.

17. One member cautioned against the elaboration of too "scientific" a system, and advocated a more pragmatic "political" approach. Another member stated that a further elaboration of the JIU proposal should not be regarded as a package to be accepted or rejected in total by the Working Group.

18. The Working Group had an opportunity to hear Mr. Bertrand, Inspector, Joint Inspection Unit, who provided some clarification of the JIU note. He pointed out at the outset that the problem was twofold - technical, i.e., defining what was meant by the term and calculating the costs of the elements included and political, i.e., determining how the costs should be apportioned between the organizations. He reiterated that the present arrangement was a compromise reached with great difficulty. The Cost Measurement Study (CMS) showed that the agencies were not sufficiently equipped from the technical point of view to carry out the study effectively. At the time JIU stressed the need to modernize the accounting systems within the agencies but only FAO had done so. He felt that the situation today is different because of the new orientation being given to technical co-operation activities as defined in Governing Council and General Assembly decisions. He cautioned that the JIU note in document DP/WGOC/1 was preliminary at this time. He hoped that if the Group wished JIU to elaborate the proposal, concrete instructions would be given. He also drew the attention of the members to the JIU study on the role of experts, the draft report on which had just been sent to the agencies for comment. He believed that the outcome of that study would have considerable impact on the question of overheads. In response to a question, Mr. Bertrand added that the percentages and other details in the table at the end of the JIU note would be filled in on the basis of information derived from CMS as well as any new elements obtained from the agencies.

19. With regard to the JIU note, several agency representatives expressed regret at not being in a position to comment officially on the proposal since they had only just received it. However, the first reactions were generally favourable to the suggestion of using the proposal as a starting-point for further elaboration and discussion. One agency representative pointed out that it might be costly to implement but that if it eventually resulted in lower over-all costs, it might be worth the effort. Another agency representative was pleased to see that it contained a provision for special arrangements in respect of agencies with their headquarters in high dollar cost locations. Yet another agency representative saw merit in relating the JIU proposal to the study on the role of experts. The representative of one agency underlined that a possible cost element system had been studied by his agency on an earlier occasion and found to be too cumbersome and too costly. The JIU proposal might also have grave consequences on the concept of partnership between UNDP and the agencies. He also felt that the proposed system might lead to project-by-project negotiation of overhead reimbursement.

20. Several members underlined in this regard the importance of receiving the study on the role of experts in sufficient time for the Working Group, at its June 1978 session, to consider its relationship to the overhead question. The Assistant Administrator, Bureau for Administration, informed the Working Group that the final version of the study would be available to Governments in April. The JIU Inspector provided further information regarding the nature of the study. He explained that the study followed the line given by the Governing Council and endeavoured to set out a modular system for carrying out projects, leaving the Governments free to choose from a variety of methods for implementing projects. The practical consequences of this approach, in terms of support costs, still would have to be worked out since the role of UNDP and the agencies in these new modalities might differ from the present. The Chairman confirmed that the Working Group at its next session should have available to it the JIU report on the role of experts so that the Group could take account of the conclusions of that report and their impact on the overheads question.

21. Some members referred to other options, in addition to the JIU proposal, that were available for discussion. Attention was invited to the options contained in the Administrator's report (DP/259) which had been submitted to the Governing Council at its twenty-fourth session. One member stressed that the solution to the question of overheads lay in a system combining several of those options. The important point was that the recipient Governments should be more involved in the execution of projects and equally in the determination of the amounts of overhead to be reimbursed. It was suggested that recipient Governments should have greater flexibility in negotiation both in regard to methods of execution and as to their cost. The automatic application of any single standard arrangement to all cases, regardless of nature, size and mix of projects, would not be logical, and Governments should have a greater say, especially in the case of large projects. This would be facilitated, it was suggested, by the inclusion of overheads in individual project budgets. Another member suggested a combination of a percentage of all project costs to cover fixed costs and a reimbursement of other supplementary costs. Yet another member pointed out the need to concentrate discussion on the cost of hiring experts.

22. Some members expressed the view that, given that technical co-operation had become an important, and even integral, function of the organizations, all overheads should be included in their regular budgets. One member holding this view suggested that better control by Governments and, therefore, greater efficiency and economy would be facilitated by putting all support costs in the regular budget. However, reservations were expressed to any inclusion of overheads in regular budgets by some members, who based their objection on the voluntary nature of contributions for technical assistance activities.

23. Considerable discussion was devoted to past studies. Several members felt that past studies on the issue were useful but that they had failed to bring about a long-term solution. It was suggested that past studies need not be ignored and that they could provide valuable information on which to base a further study of the matter, such as the proposed elaboration of the JIU note. One member found the 14 per cent formula satisfactory because his delegation felt that the pragmatic reasons and essential bases on which it had been decided had not changed significantly. However, many members felt that the situation had changed considerably and that the present formula was no longer suitable. The representative of the United Nations explained that the United Nations had come to the position of supporting the 14 per cent as the most viable solution after many years of study together with the agencies, the Administrative Committee on Co-ordination and internal working groups, because it was the most technically practical. The Secretary-General's position on the matter is given in documents A/C.5/31/33 and A/C.5/32/29. He asked for clarification of why members thought past studies had not produced workable solutions and why the present arrangements were considered out-of-date and deficient. In answer to this inquiry, the Chairman explained that the Governing Council was aware of the past history of studies and discussions on the issue and yet it had decided to set up the Working Group. The cost measurement study, which formed part of the past history, was submitted at the nineteenth session of the Council but was not considered as having solved the question. He pointed out that the 14 per cent solution was a temporary compromise and an interim solution agreed upon only until such time as a better measure and formula could be developed and adopted. There seemed to be agreement that the present formula did not take into account different situations such as the location of an agency's headquarters or the nature of the projects or the differing arrangements in the agencies for handling these activities. Governments did not

have available to them adequate information on how overhead payments were being utilized. The agencies had reported to the Advisory Committee on Administrative and Budgetary Questions that their annual support costs for technical assistance activities were in excess of reimbursements by \$40 million, but no breakdown had been provided to explain this figure nor was it possible to determine how much of this amount would have been saved in the regular budget had there been no extrabudgetary technical assistance activities. One member went on to explain that if a majority of Governments had felt that the 14 per cent figure were a valid long-term solution, the Working Group would not have been set up. Another pointed out that the amount of past work, however voluminous, meant little if it did not produce the desired results.

24. The representative of UNIDO, who had been the Chairman of the CCAQ Task Force on the Cost Measurement System in 1974, provided some background on the CMS study. He pointed out the difficulties in making the information comparable among the agencies; the Task Force had divided the component support elements into more than 100 subgroups in order to study them more carefully. The Task Force recognized that there were differences between agencies, due in part to the level of costs incurred in the headquarters cities and, in part, to variations in the size and length of projects. He felt that sufficient data were already available and there was no need to carry out further studies. Responding to this line of argument, one member cited his Government's reservations regarding the CMS study. To begin with, he said, the cost elements which were included had not been agreed to by Governments; many elements were not clearly identified additional costs; the study had been carried out in only five agencies and therefore could not be generalized to cover all; even those five agencies showed such wide variations as to invalidate the use of a single, flat average; and the study had been carried out only for one year, 1973, which was a year of low delivery and the results could not validly be extrapolated. For these reasons, his Government did not think the results were conclusive enough to set a new formula. Another member pointed out that any new formula might perhaps be more complex, because it might be more exact, but if it achieved the objectives of greater efficiency and lower cost, the effort involved would be justified.

25. In regard to the basic points to be addressed by the Working Group (see para. 10 above), the discussion reflected the following trends. As regards terminology and definition, there was wide agreement, first, on the term "support costs" as more meaningful and, second, on the criteria for the definition of support costs outlined in paragraphs 7 to 11 of the JIU note. One member felt that the definition contained in document DP/WGOC/6 was preferable, while another member thought that a change of terminology would not change the content of the term.

26. With respect to the means for calculation of the agreed cost elements, it was generally felt that, in addition to the elaboration of the preliminary JIU note, the Group should have information on the various points and questions that had been raised in the discussion. Several agency representatives provided preliminary data to be elaborated in the written submissions of their executive heads which were requested in the decision of the Working Group.

27. The Chairman summarized the points of agreement that had been reached and the list of matters on which further information was required. The Working Group agreed with the Chairman's summation and adopted the decisions outlined by him. The Chairman subsequently circulated a note containing the consolidated text of these decisions (DP/WGOC/18).

28. In closing the first session of the Working Group, the Chairman stated that the first session, in his view, had been decidedly fruitful; it had not been an exercise in futility, as one participant had suggested, but one of utility. The Chairman also indicated, and the Working Group agree, that the next session would be held beginning on 5 June 1978, that is, during the week preceding the June session of the Governing Council. He requested the agencies to submit their views on the JIU proposal contained in document DP/WGOC/1 as soon as possible so that JIU could take these views into account when preparing its expanded note. In connexion with the documentation to be made available for the next session, it was indicated to the Working Group that while every endeavour would be made to submit the documentation as expeditiously as possible, some flexibility in regard to the six-week rule might be needed.

Decision of the Working Group

29. As indicated in paragraph 27 above, the decisions adopted by the Working Group on 17 January 1978 on the basis of the Chairman's summation are incorporated in the consolidated text, which is reproduced below:

The Intergovernmental Working Group on Overhead Costs,

Having noted with appreciation the documents submitted to it at its first session in January 1978,

1. Broadly endorses the criteria for the definition of overheads (support costs) outlined by the Joint Inspection Unit (JIU) in paragraphs 7 to 11 of its note (DP/WGOC/1);

2. Requests the Administrator of UNDP and the executive heads of the agencies, through the Administrator, to make available to JIU and to the Working Group their further comments on the JIU note;

3. Requests the executive heads of the agencies to submit to the Working Group the following additional information:

(a) A statement from each agency briefly describing the organizational and other arrangements in the agency to provide support to (i) UNDP-financed programmes and projects and (ii) other technical co-operation programmes and projects;

(b) A statement from each agency on the measures taken in the agency to reduce support costs;

(c) A statement from each agency on the measures taken to decentralize responsibility and authority to the regional and country level and indicating the impact of those measures on support functions and costs;

(d) A statement from each agency briefly describing (i) the budgetary treatment of overhead payments received from UNDP and from other extrabudgetary sources, and (ii) the arrangements for, and extent of, intergovernmental review of the utilization of such overhead payments;

(e) A statement from each agency, where applicable, showing to what extent, how and where its regular budget provides for subsidies towards meeting attributed overhead costs,

4. Requests the Administrator to submit the following additional information:

(a) A breakdown of numbers of projects by executing agency and size of project (size of UNDP allocation, in four or five size categories) for the years 1972-1976;

(b) A breakdown of project costs by executing agency and component for the years 1972-1976;

5. Requests JIU to submit a further and expanded preliminary note elaborating its outline of a new system for support costs as contained in document DP/WGOC/1, including the completion of the percentage figures and the special formulae to be incorporated in the table at the end of that document, taking account also of economies of scale and nature (including size) of projects; the note should also explain the factors which account for variations in average overhead costs in different agencies, including the impact of exchange rates and cost-of-living factors; requests the Administrator and the executive heads of the agencies to submit to the Working Group their comments on this JIU note;

6. Further requests JIU to make available to Governments, members of the Working Group, copies of its forthcoming report on "The Role of Experts in Development Co-operation" as soon as it is issued; requests the Administrator and the executive heads of the agencies to make available to the Working Group their comments on the above-mentioned report which they will be submitting to the Governing Council;

7. Requests the Advisory Committee on Administrative and Budgetary Questions to submit any further comments it may have on the general question and also on the proposals contained in the expanded preliminary note of JIU mentioned in paragraph 5 above;

8. Looks forward to receiving the information requested in the foregoing paragraphs in time for consideration at the Working Group's next session beginning on 5 June 1978.

PART II

Second session of the Intergovernmental Working Group on Support Costs

30. The Intergovernmental Working Group on Overhead Costs a/ held its second session at the Palais des Nations, Geneva, during the period 5 to 20 June 1978. Mr. Sarfraz Khan MALIK (Pakistan), Chairman of the Group, presided and Mr. Peter OSVALD (Sweden) served as Rapporteur.

I. ORGANIZATION OF THE SESSION

Attendance

31. Members of the Governing Council represented at the session of the Working Group, States represented by observers, and organizations and entities in the United Nations system and other intergovernmental bodies which were represented are listed in the annex to document DP/WGOC/L.2 and Corr.1.

Agenda and organization of work

32. The Chairman welcomed all participants and expressed the hope that with the active participation of all concerned the Group would be able to present a constructive interim report to the Governing Council at its current session. He recalled the progress made at the first session and the requests for additional information which the Group had made at that time and indicated that practically all of the information requested was now before the Group. At the Chairman's suggestion, the provisional agenda, as contained in document DP/WGOC/23, was accepted as a guide for proceeding with the work of the session.

33. In addition to the agenda (DP/WGOC/23), the Group had before it the following documents:

- (a) Expanded preliminary note by the Joint Inspection Unit (DP/WGOC/21);
- (b) Statement of the Administrative Committee on Co-ordination on the proposals of the Joint Inspection Unit (DP/WGOC/22);
- (c) Information submitted by executing agencies (DP/WGOC/19 and Add.1-6);
- (d) Information submitted by UNDP (DP/WGOC/20).

II. INTRODUCTORY STATEMENTS

34. The Chairman of the Joint Inspection Unit made a statement introducing document DP/WGOC/21, followed by a statement by the Chairman of the Consultative Committee on Administrative Questions (CCAQ) by way of introduction of document DP/WGOC/22.

35. The Chairman of JIU in his introductory statement indicated that the over-all effect of the new system proposed by JIU would in all likelihood be some reduction in costs; the reduction would increase in future years. The differential rates for project components and for methods of project execution would result in somewhat lower payments, while other suggested adjustments were unlikely to affect the total amounts. In suggesting the reimbursement percentages, JIU had been guided both by an analysis of available data and by its conclusions contained in its report on "The Role of Experts in Development Co-operation". While the proposed system might be somewhat more complex than the present global percentage formula, the time required to apply the new system to a normal agency would not be more than three or four days of clerical time a year. As regards the share of total support costs to be borne by the UNDP and the regular budgets of the agencies, a point to which reference was made in paragraphs 34 and 35 of document DP/WGOC/21, this was clearly recognized to be a policy question to be decided by the competent intergovernmental bodies.

36. Referring to the ACC statement (DP/WGOC/22), the Chairman of JIU regretted that ACC had taken a negative attitude and at the same time had submitted no constructive suggestions of its own. The Chairman of JIU pointed out that in saying that the new system was defective both in concept and in detail, as was suggested in paragraph 9, ACC had not taken into account the advantages of the proposal in terms of economy and equity. Also, it was not true to suggest that JIU had not proposed any real economies; the new scheme would provide lower total reimbursements, although the amounts of reduction could not be estimated. Furthermore, ACC in referring, in paragraph 13 of its comments, to the difficulties of projecting in advance possible amounts of reimbursement for budgeting purposes, had exaggerated the problem; both under the present and the new systems, project expenditures had to be roughly estimated, as did possible movements in post adjustments for other budgetary purposes. The Chairman of JIU added, with reference to paragraph 23 of the ACC comments, that the suggested inclusion of support costs in project budgets would respond directly to the right of Governments to know how support costs were related to and used for delivery of specific projects.

37. In his introductory statement, the Chairman of CCAQ said that notwithstanding the potentially divisive character of some of the JIU recommendations, ACC had succeeded in presenting a joint statement of comments. The JIU proposal had not dealt with the problem of reducing total support costs, but was explicitly concerned only with reducing and redistributing the amount reimbursed to the agencies and the consequent additional amounts to be absorbed by the regular budgets of the organizations. ACC fully shared the desire to increase resources going directly to project activities and the organizations had in fact made efforts, often forced by the pressures of monetary instability and inflation, to reduce support costs. While the present formula had many positive features, ACC had not approached the JIU proposal with an exclusively "status quo" mentality. It was conceded that the present arrangement was pragmatic rather than scientific, but the multitude of reimbursement rates and adjustments proposed by JIU reflected judgements which

were no more objectively valid than the present rate of 14 per cent. In the view of ACC, the JIU proposal could not readily be applied to funds-in-trust activities as some of the ex post facto adjustments called for in the proposal would pose difficulties in the negotiations in respect of trust fund contributions.

38. The Chairman of CCAQ added that ACC saw no justification for reverting to nor any possibility of obtaining authority and resources to implement recommendations for new cost measurement systems, which were originally made by JIU in 1974 and then unanimously rejected, especially if those were oriented towards individual projects. As regards government execution, any support costs charged should be related only to those parts of a project which Governments invite organizations to implement. Even under the present 14 per cent system for agency execution, most of technical backstopping, the cost of programme planning, and of post-project evaluation and follow-up were absorbed by the organizations' regular budgets and not charged to reimbursement. While welcoming the prospect of special help to the smaller organizations and the recognition of the problems faced by organizations located in high cost areas, ACC noted that the JIU proposal did not in fact deal with economies of scale as there was no reference to the dollar level of programme delivery at which economies of scale might begin. Finally, the Chairman of CCAQ said that ACC was particularly opposed to the suggestion that provision for support costs should be included in project budgets; it could not but be detrimental to the whole process of project formulation and project implementation.

39. A member of JIU, supplementing the remarks of the Chairman of JIU, referred to the ACC comment that JIU had not suggested reductions in total support costs and said that a well-conceived new reimbursement formula should lead to better management and be an incentive to increase efficiency and reduce over-all costs. Moreover, the agencies would have to prove that they had done all they could to reduce total costs. The Inspector also said that the 1974 JIU recommendations on cost measurement systems had not been rejected, as mentioned by the Chairman of CCAQ; some had been approved and others were to be subject to further study. The Inspector added that one should not go only for simplicity: simplicity did not lead to improvement, while a degree of complexity might do so.

III. SUMMARY OF DISCUSSION

40. The Chairman, initiating the discussion, pointed out that two differing views had been placed before the Group: one that the JIU proposals were somewhat complex and impractical to apply and might even cost more; the other view was that this position was exaggerated and the proposals were logical and could be applied without much difficulty. However, both JIU and ACC seemed to agree on the definition of the term "support costs" and on the JIU proposal for introducing a measure of stability in reimbursement of such costs.

41. Many members reacted positively to the JIU note and expressed the view either that it could be taken as a basis for further work or that it contained a number of good elements which could prove useful in the further development of a new or modified formula. It was emphasized that the sound and efficient management of technical co-operation activities would require not only realistic, practical and workable policies and procedures but also management-oriented information, based on which a rational system of payment for support costs could be built. It was suggested that the JIU proposal met a number of desirable objectives: recognition of the mutually supportive role of regular budget activities and technical

co-operation activities, optimization of resources available for project activities, recognition of variations in support costs for different mix of projects, economies of scale, fairness to the agencies, relative ease of implementation and promotion of standardized accounting systems in the agencies. The view was also expressed that it would have been helpful to the Group had information been available on the quantitative impact of the application of the JIU proposal, as compared to the present formula, in each agency.

42. The view was expressed that the ultimate aim of the work of the Group was to try to reduce over-all programme and project support costs; these costs had reached significantly large levels. They must therefore be pruned and reduced through good management and continuous vigilance in the interests not only of increasing resources available for project assistance but of ensuring a steadily increasing level of support from member States. Appreciation was expressed for the efforts made in UNDP and the agencies to contain and reduce support costs and it was hoped that these efforts would continue with even greater vigour. A question was raised in this connexion whether cost reductions which were reported to have been achieved in the agencies should not be credited proportionately also to support cost payments from UNDP and not totally to the regular budget of those agencies. Reference was also made by some members to proposals contained in the JIU report on "The Role of Experts in Development Co-operation" which might result in cost reductions, although it was recognized that these proposals had yet to be considered by the Governing Council.

43. Two main criticisms voiced by a few members against the JIU proposal were, first, that it was not really more scientific than the present formula inasmuch as fine distinctions and calculations based on weak data had exaggerated the over-all weakness of the proposed system, and, second, that it was far too complex and impractical. The ACC statement (DP/WGOC/22) and the statement before the Group by the Chairman of CCAQ had brought these out clearly.

44. As regards the need for a simple formula, it was agreed by several members that to be simple was not synonymous with being good and some complexity was healthy for good management. It was also suggested that the JIU proposal was not really as complicated as it seemed when presented in the abstract; in any event, the issue might be resolved by adjusting or simplifying the proposal as it stood perhaps by limiting the number of variables to be taken into account. By the same token other members, who were somewhat less receptive to the JIU proposal, said that one could start with the present 14 per cent formula which, despite its imperfections, was a better point of departure, and modify it to take account of the special needs of small agencies or a limited number of variables, especially economies of scale and component mix of projects.

45. One member, who otherwise gave strong support to the JIU proposal, nevertheless pointed out that the proposal was still based on the "cost plus" principle and thus did not provide any direct incentive to reduce costs. In his view, the only way to do this was to include support costs in the regular budgets which, in his view, was probably not practicable. He added that the JIU proposal to include support costs in project budgets and have them financed from IPFs might provide some incentive. Some other members also supported this latter proposal which would necessitate an increase in IPFs although one member, while favouring the idea of including support costs in project budgets for presentation purposes was opposed to their incorporation within the IPF system. Still other members were opposed to the idea of including support costs in regular budgets

inasmuch as this would be inconsistent with the financing of technical co-operation activities from voluntary funds.

46. Several members rejected the suggestion of an automatic link between the JIU proposal, even if it involved a reduction of reimbursement, and higher assessed budgets in the agencies. The aim was a reduction in over-all support costs whether paid by UNDP or the regular budgets and not a redistribution of such costs as between the two sources. In this regard it was recognized that programme planning and support, technical backstopping and post project evaluation and follow-up were inherent to the normal concerns of the organizations and were absorbed by them.

47. As regards the element in the JIU proposal for a measure of stabilization of support payments from year to year, while there was some support for this idea, it was suggested that the JIU's specific proposal might not be an effective cushion. It was also suggested by another member that the stabilization concept should work both ways, that is not only for decreases but also for increases. Yet another member questioned this element of the JIU proposal stating that stability should be sought in planning and programming and not through the instrumentality of support costs.

48. There was some discussion concerning the size of projects as a variable to be taken into account. While it was suggested by one agency that there should be higher support reimbursements where small projects were involved, it was pointed out that 75 per cent of all UNDP-financed projects during the period 1972-1976 were projects under \$150,000. It was doubtful therefore whether smallness was a significant departure from the norm. More substantively it was argued by one member that UNDP should discourage fragmentation of effort into very small projects and indeed should offer a lower reimbursement in order to act as a disincentive to such projects. Since either of these views was not generally supported, the consensus was to leave this question in a neutral stance.

49. While the element of variable cost levels at different headquarters duty stations was recognized as a factor in the situation, doubt was expressed about the feasibility of finding a sufficiently simple way of taking this into account in a reimbursement formula. Two further arguments against making provision for this element were put forward: that it might serve as a disincentive to decentralization of the work to the regional and country levels and that some caution was required before institutionalizing in a system special support to inflation and monetary instability.

50. One member in advocating a continued pragmatic approach to the question of reimbursement of support costs drew attention to the wide variety of services provided to the agencies by UNDP, especially its field offices, with no reimbursement of related costs. He referred in this regard to the detailed picture of the situation given in the Administrator's annual report for 1977.

51. Another member emphasized the need to correlate any reimbursement system to the quality of implementation of projects by the agencies. Citing recent examples of seriously delayed and defective implementation of projects in his country by some agencies, he asked why UNDP should pay at the full established level in respect of such projects.

52. A few members emphasized the usefulness of the project approach to support

costs and pointed out that calculation project by project would help to focus insight on various specific cost elements. It was recognized that this approach would require a system of cost measurement for support costs at the project level. Several members spoke in favour of steps being taken which would eventually lead to a cost measurement system. It was suggested that JIU might be requested to study and outline the elements of a simpler cost measurement system which might lend itself to application by all agencies. As against this, it was argued that perhaps a better and a more urgent task that might be performed was to review the implementation of the new dimensions, especially government execution.

53. Agency representatives explained the history of previous cost measurement studies and indicated that while they had provided some useful results, ACC had concluded, and the Advisory Committee on Administrative and Budgetary Questions had agreed, that continued operation of such systems would not be productive of any new or more reliable results and would be expensive. After prolonged discussion at various stages in the debate it was agreed that this issue, which could cover activities well beyond support activities for UNDP-financed programmes that were the concern of the Working Group, might best be raised in other intergovernmental forums.

54. Responding to an earlier question from a member about the impact of the JIU formula, the representative of FAO said that the application of the formula to a sample of 88 FAO projects showed that reimbursement would be reduced to 11.5 per cent over-all. For the FAO-executed UNDP programme as a whole, this would, under certain assumptions, mean a reduction of some \$5 million per biennium, an amount of an order of magnitude which could not be absorbed by the regular budget.

55. One member specifically noted that ACC in its statement had not commented on more recent data reported by some agencies on support costs incurred by them as published in document DP/259/Add.2. FAO had reported such costs incurred as 13.8 per cent in 1975 and 13.7 per cent in 1976 as compared with 19.3 per cent in 1973 and 15.9 per cent in 1974.

56. The view was expressed unanimously that a long-term resolution of the question of reimbursement in respect of support costs had to be sought through full and close co-operation among Governments, the agencies and UNDP. It was at the same time recognized that a final decision, which had to be based on broad policy considerations rather than purely technical factors, must be formulated and approved by Governments. The procedure to be adopted must also respect the role of the agencies and their legislative bodies and the principle of partnership between UNDP and the agencies.

57. Towards the close of the formal discussion, the Chairman of the Group gave expression to what he gauged to be an emerging consensus among members. He indicated that while the JIU proposal had much merit, perhaps a less complex approach might be tried taking into account only two or three variables like economies of scale, component mix of projects and mode of execution. Given the positions of JIU, on the one hand, and ACC on the other, it might be appropriate to request the Administrator to undertake this further work in close and perhaps separate consultations with JIU and the agencies. The Chairman further indicated that he had consulted the Administrator, who had indicated his readiness to accept this task provided that (a) the Group gave him specific guidance and did not remit to him the issue in general and comprehensive terms; (b) it was clearly recognized

that his report would be recommendatory to the Group, with the responsibility of formulating a recommendation to the Governing Council clearly resting with governments members of the Group, and (c) it was emphasized that the solution would have to be found through full and constructive co-operation among the agencies and UNDP with the determination to produce a positive recommendation.

58. The Chairman of the Group expressed his appreciation to the Administrator and invited the agencies to extend their full understanding and co-operation to the Administrator in the difficult task ahead. He further indicated that while the Administrator would be guided by the specific guidelines to be provided by the Group, agencies could feel free to discuss with him all ideas and proposals on the subject. The Chairman also expressed his appreciative confidence that JIU would be available to the Administrator for consultation.

59. Several members then spoke specifically to lend full support to the Chairman's summation of the emerging consensus. Agency representatives welcomed the Chairman's approach and assured him and the Group that they would work with the Administrator in full and constructive co-operation. One agency representative emphasized in this regard that any solution reached through this process should be adhered to for five, six or even 10 years thus avoiding further and repetitive expenditure of resources of time and money which might well be otherwise available for the substance of technical co-operation work. Another agency representative supplemented the offer of full and constructive co-operation with the statement that his agency could not accept to take into account additional variables beyond the ones mentioned by the Chairman nor would it entertain further requests for cost measurement.

60. At the conclusion of the formal discussions, the Working Group went into a series of informal meetings in order to formulate, on the basis of the Chairman's summation, its decision concerning the further action to be taken.

Decision of the Working Group

61. At a formal meeting held on 9 June 1978, the Working Group adopted by consensus the following decision:

The Intergovernmental Working Group on Overhead Costs,

Having reviewed, with appreciation, the expanded preliminary note submitted by the Joint Inspection Unit (DP/WGOC/21), the statement of the Administrative Committee on Co-ordination on the JIU proposals (DP/WGOC/22) and other documentation submitted to the Working Group at its second session,

Taking into account the comments, observations and suggestions made during the discussion of this question,

Having continued the examination of this question bearing in mind the terms of reference and the criteria laid down by the Governing Council in its decision establishing the Working Group at its 588th meeting on 29 June 1977,

Recalling that, at its first session, in January 1978, the Working Group had broadly endorsed the criteria for the definition of support costs outlined by JIU in paragraphs 7 to 11 of its first preliminary note (DP/WGOC/1),

Recognizing that the present reimbursement formula is a pragmatic and temporary compromise and further that this formula does not fully respond to all the variables in the situation,

Noting that over-all programme and project support costs have reached significantly large levels and the consequent need to make every effort to reduce such costs on the basis of the principles of sound management and in the interests of better programme delivery,

Noting with appreciation the efforts made by UNDP and the executing agencies towards support cost reductions and expressing the hope that these efforts will be continued and intensified,

Urging that any new formula for reimbursement should provide an incentive to review and reduce over-all support costs,

Noting that any UNDP funds released by a reduction of support costs would be fully available for additional programmes in developing countries through a corresponding increase in resources available for IPFs,

1. Considers that any new reimbursement formula should be easy to understand, practical to operate and durable;

2. Regards the JIU proposal as one basis for the establishment of a new formula, while recognizing the necessity for modifications with respect to the variables proposed;

3. Considers that any new formula for reimbursement of programme and project support costs should be based as closely as possible on data on the costs incurred and should, to the extent feasible, take account of:

- (a) Economies of scale, i.e., the scope for reduced reimbursement rates in respect of project expenditures in a given year beyond a stated total monetary level or levels, together with special provisions for the smaller agencies;
- (b) Nature and component mix of projects, for example, through the application of a lower percentage factor for equipment and subcontracts taking account, in this regard, of the practices already in vogue in many agencies in respect of funds-in-trust and multi-bi projects; such lower percentage for equipment should not act as a disincentive to the inclusion of the desirable amount of equipment in projects, the final design and composition of which are the prerogative of the Government concerned;
- (c) Method of execution: for example, principally, in cases of government execution, the associated agency would be paid support costs only in respect of specific inputs included in the project budget and delivered by the agency at the request of the Government, the rate of reimbursement being according to the agreed new formula;

4. Considers further that the new formula could take account, but only if a simple way could be found, of variations in cost levels at headquarters of agencies, of the provision of a measure of stabilization in the year-to-year variations in support cost reimbursements, and of the possible benefits to be

derived from adopting a project rather than a programme basis for the calculation of support costs;

5. Requests the Administrator, on the basis of paragraphs 3 and 4 above, and in consultation with the executing agencies and, if possible, with the Administrative Committee on Co-ordination to recommend to the Working Group a modified formula to enable Governments members of the Working Group to formulate an intergovernmental recommendation to the Governing Council;

6. Further requests the Administrator, in consultation with the executing agencies and, if possible, with ACC to review the question of the possible inclusion of support costs in project budgets and submit a report to the Working Group;

7. Invites the Advisory Committee on Administrative and Budgetary Questions and the Joint Inspection Unit to submit their comments and observations on the recommendations prepared by the Administrator in pursuance of paragraphs 5 and 6 above;

8. Also invites the agencies to submit to the Working Group information on the application of the new formula which would indicate the formula's impact on the level of their support costs;

9. Decides to meet again in New York immediately preceding the meeting of the Governing Council in January 1979.

62. At the same meeting, the Group also decided to recommend to the Governing Council that in the interest of consistent terminology, the name of the Group should be altered to "Intergovernmental Working Group on Support Costs".