NOTE

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

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INTRODUCTION


3. The present report was adopted by the Governing Council at its 465th meeting, on 3 February 1975, for submission to the Economic and Social Council at its fifty-ninth session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).
CHAPTER I
ORGANIZATION OF THE SESSION

Attendance

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

Election of officers

5. In accordance with rule 11 of its rules of procedure, the Governing Council
at the opening meeting of its nineteenth session elected the following officers by
acclamation: Mr. Endre Iván (Hungary), President; Mrs. Suzanne Vervalcke (Belgium),
First Vice-President; Mr. Mehdi Ehsassi (Iran), Second Vice-President;
Mr. Bawoyeu Alingue (Chad), Third Vice-President; and Mr. José Antonio Garcia-Belaunde
(Peru), Rapporteur.

6. At the opening meeting of the Budgetary and Finance Committee, on
13 January 1975, and after consultations with members of the Council, Mrs. Vervalcke
(Belgium) was designated Chairman of that Committee by Mr. Narciso G. Reyes
(Philippines), President of the Governing Council for 1974. Mr. Ernesto C. Garrido
(Philippines) was designated Rapporteur of the Budgetary and Finance Committee.

7. At the opening meeting of the Working Group on the Draft Statute for UNDP,
Mr. Endre Iván (Hungary), Third Vice-President of the Governing Council for 1974,
announced the designation of Mr. Ehsassi (Iran) as Chairman of the Working Group,
following consultations with members of the Council.

Agenda

8. At its 443rd meeting, the Governing Council adopted the following agenda for
its nineteenth session, subject to the subsequent addition of item 21 (see
paragraph 9):

1. Opening of the session
2. Election of officers
3. Adoption of the agenda (DP/73/Rev.1, DP/93 and Corr.1, DP/98, DP/100)
4. Country and intercountry programming and projects: Consideration, in
private meetings, and approval by the Council of individual country
programmes and projects recommended by the Administrator:

(DP/GC/EQG/R.1 and DP/GC/EQG/R.1/RECOMMENDATION,
DP/GC/ETH/R.1 and Add.1 DP/GC/ETH/R.1/RECOMMENDATION,
DP/GC/GUI/R.1 DP/GC/GUI/R.1/RECOMMENDATION,

-2-
DP/GC/LIR/R.1 and Add.1  DP/GC/LIR/R.1/RECOMMENDATION,
DP/GC/LAO/R.2  DP/GC/LAO/R.2/RECOMMENDATION,
DP/GC/ALB/R.1  DP/GC/ALB/R.1/RECOMMENDATION,
DP/GC/BAH/R.1  DP/GC/BAH/R.1/RECOMMENDATION and Corr.1,
DP/GC/QAT/R.1  DP/GC/QAT/R.1/RECOMMENDATION and Corr.1,
DP/GC/UAЕ/R.1  DP/GC/UAЕ/R.1/RECOMMENDATION and Corr.1,
DP/PROJECTS/R.3 and Add.1-4, DP/75); Derestricition of country programme and project documents (DP/101)

5. Project implementation (DP/89 and Add.1)


7. Action by UNDP in response to General Assembly resolution 3202 (S-VI) on the Programme of Action on the Establishment of a New International Economic Order (DP/83, DP/GC/XIX/CRP.1)

8. United Nations Revolving Fund for Natural Resources Exploration (DP/85, DP/92)

9. Technical co-operation among developing countries (DP/84)

10. Report by the Administrator on action taken in favour of colonial countries and peoples (DP/91, DP/GC/XIX/CRP.2, DP/GC/XIX/CRP.5)

11. Progress report on the drought-stricken area of Africa and adjacent areas (DP/88)

12. Draft statute for the Programme for consideration by the General Assembly (DP/76)


15. Programme resources and costs outlook for 1977-1981 (DP/90)

16. Budgetary, financial and administrative matters:

   (a) Estimates of resources and Programme costs and related proposals by the Administrator, and audit reports (DP/87 and Corr.1, DP/78 and Add.1 and 2)
   (b) Agency overhead costs (DP/77 and Add.1 and Corr.1 and Add.2-5)
   (c) Custodianship of UNDP funds (DP/94)
   (d) Feasibility of introducing a biennial cycle for the administrative and programme support services budget and brief general outline of budget estimates for the year 1976 (DP/80 and Corr.1 and Add.1)
   (e) Proposals of the Administrator regarding additional administrative expenses of the United Nations Capital Development Fund (DP/82, DP/99)
   (f) UNDP financial regulations and rules (DP/79)
   (g) Supplementary budget estimates for 1974 (DP/95)
   (h) Revised budget estimates for 1975 (DP/96, DP/99)
17. Other matters

18. Date and provisional agenda for the twentieth session (DP/GC/XIX/CRP.12)

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

20. Problems emanating from the drought in Somalia (DP/100, DP/GC/XIX/CRP.3, and Corr.1 and Add.1)

21. Measures to be taken following the earthquake in Pakistan (DP/GC/XIX/CRP.9)

9. Following a proposal by Indonesia, the Council unanimously decided at its 446th meeting to include item 21 on its agenda.

Summary records of meetings

10. The summary records of the meetings of the nineteenth session of the Governing Council were issued as documents DP/SR.443-465.

Private meetings

11. The Council held three private meetings to consider the 10 country programmes and four projects recommended to it for approval by the Administrator under item 4 of the agenda.
12. Under item 4 of its agenda, the Governing Council had before it 10 country programmes - for Albania, Bahrain, Equatorial Guinea, Ethiopia, Guinea, Laos, Liberia, Oman, Qatar, and United Arab Emirates - as well as four projects (DP/PROJECTS/R.3 and Add.1-4) submitted to it for consideration and approval at the nineteenth session.

13. In addition, the Council had before it a proposal by the Administrator (DP/75) to increase from $100,000 to $150,000 the upper limit of the authority of Resident Representatives to approve projects, under delegation of the authority given by the Governing Council to the Administrator to approve projects for all countries until the end of 1976.

A. COUNTRY PROGRAMMES AND PROJECTS

14. Following a discussion of the individual country programmes and projects in private meetings, a number of members reaffirmed in open session their endorsement of all the programmes and projects submitted for approval.

15. Several members expressed their regret that the Administrator should continue to approve projects for the Republic of Viet-Nam, the Republic of Korea and Chile, having stated that the giving of assistance to the régimes in power in those countries was contrary to the purposes and tasks of UNDP, and ask that the Council's report reflect their reservations. One member, replying to the comments made concerning technical assistance to his country, drew attention to paragraph 4 (d) of General Assembly resolution 3201 (S-VI), which recognized the right of every country to adopt the economic and social system that it deemed the most appropriate for its own development without being subjected to discrimination of any kind as a result. Another member stated that under present circumstances it was opposed to the unilateral participation in the activities of the International Rice Research Institute (IRRI) by the authorities of South Korea and the Saigon authorities in South Viet-Nam.

16. At the 464th meeting, it was noted that the Director of the Division for Global and Interregional Projects had informed the Governing Council that, in view of world-wide inflationary pressures, the Administrator had to revise the budgets of three research organizations being financed under the global IPF, namely the International Maize and Wheat Improvement Centre (CIMMYT), the International Centre for Research in the Semi-Arid Tropics (ICRISAT), and the International Centre for Insect Physiology and Ecology (ICIPE), by providing them with an additional sum totalling $1,050,577, and that these funds would consequently not be available for new commitments.
Decisions of the Governing Council

17. At its 446th meeting, the Governing Council adopted the following decisions:

I

The Governing Council

1. Approves the proposed UNDP country programmes for Albania, Bahrain, Equatorial Guinea, Ethiopia, Guinea, Laos, Liberia, Oman, Qatar, and United Arab Emirates within the limits of their approved IPFs for 1972-1976 and their illustrative IPFs for 1977-1981 and for the duration of their respective programme periods;

2. Authorizes the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of these country programmes while ensuring, in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev.1, para. 31), that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time.

II

The Governing Council

1. Approves the following projects:

(a) Global -- International Rice Testing Programme (IRRI) (GLO/74/006);

(b) Global -- The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT): African Co-operative Programme for the Improvement of Sorghums and Millets (GLO/74/005);

(c) Syrian Arab Republic -- Strengthening of the Exploratory Deep Drilling Capability of the Ministry of Petroleum and Mineral Resources (SYR/72/005);

(d) Egypt -- Master Plan Studies for the Canal Zone (EGY/74/015);

2. Authorizes the Administrator to make the appropriate arrangements for the execution of these projects.

B. INCREASED DELEGATION OF AUTHORITY TO RESIDENT REPRESENTATIVES FOR PROJECT APPROVALS

18. Introducing this question, the Deputy Administrator (Programme) expressed the hope that in view of the general policy of increasing decentralization, the improving quality of Resident Representatives and the fact of inflation, the Governing Council would consider the proposal timely and well-merited. If the Council endorsed it, the Administration would treat the new figure of $150,000 as the dividing line between small-scale and large-scale projects for such purposes as reporting to the Council.
Summary of discussion

19. Members of the Council endorsed the Administrator's proposal to increase the authority of Resident Representatives to approve projects, but several members proposed that the upper limit of the Resident Representative's authority should be immediately raised to $200,000, both as a means of improving the lagging implementation rate, and because the current rate of inflation was rapidly lowering the real value of the Resident Representative's financial authority. Others suggested that the Administrator was the best judge of the timing for such further increase and recommended that the Governing Council at the time accept the proposals contained in document DP/75. The proposal for an immediate increase to $200,000 was withdrawn, but the Administrator was urged to keep the matter under review and to present proposals for an increase beyond $150,000 at a forthcoming session of the Governing Council in the light of experience.

20. One member asked whether the increase in the Resident Representatives' financial authority would apply equally to project revisions, and whether it would apply to all Resident Representatives. Another recommended that the policy of decentralization should not be interpreted as implying any diminution in the Administrator's full accountability for the Programme, that Resident Representatives be kept fully informed about policy decisions of the Governing Council and receive all necessary support from headquarters in their dealings with agencies and Governments, and that the growing responsibilities placed upon Resident Representatives be reflected in UNDP's recruitment and training policies. Finally, several members urged that the agencies also adopt appropriate measures of decentralization.

Observations of the Administration

21. In replying to the observations made during the discussion, the Deputy Administrator (Programme) assured the Governing Council that the policy of decentralization in no way diminished the Administrator's accountability for the Programme, and that the Administrator was fully conscious of the importance of keeping the field offices informed of the latest policy developments, and of continuing his policy of improving the capacity of these offices to carry out their new roles. He said that the increase of the Resident Representatives' financial authority to $150,000 would apply to all Resident Representatives, but not automatically to all projects. Even at the time, guidelines were issued to the field offices outlining a few categories of projects below the current limit of $100,000 which Resident Representatives were asked to refer to headquarters for review. As regards project revisions, the Deputy Administrator indicated that, while it was the intention to delegate authority to Resident Representatives in regard to revisions also, the extent of this delegation would have to depend on factors like the value of the original project and whether it was approved by the Resident Representative or not. Details still remained to be worked out in this regard.

Decision of the Governing Council

22. At its 446th meeting, the Governing Council took note of the Administrator's intention to extend until the end of 1976 his delegation of authority to Resident Representatives to approve projects and endorsed the increase in the upper limit of such approval from $100,000 to $150,000.
23. Under item 5 of its agenda, the Council had before it a report by the Administrator on the current status of the first cycle project approvals and expenditures in relation to indicative planning figures (IPFs) (DP/89 and Add.1).

24. In introducing the item, the Deputy Administrator (Programme) recalled that the Council, in approving at its eighteenth session the Administrator's recommendations 1/ for a flexible management of programme expenditures between planning cycles, had requested to be kept informed, from time to time, on the progress achieved in the level of project approvals and expenditures, and it was to that purpose that the document before the Council was addressed. A more detailed examination of the problems of implementation would be submitted to the Council at its twentieth session.

25. In commenting briefly on the information contained in the report, he drew the Council's attention to the fact that the volume of project approvals had been increased considerably without forcing unduly the pace of expenditures. In an effort to speed up implementation, UNDP was reviewing the position of individual projects in those countries where implementation was tardy; for countries with above average implementation, particular care was exercised before new projects were approved. It was to be noted that the statistical information provided in the report indicated that there was no clear pattern with regard to concentration among countries where approvals and expenditures were unduly low or above average. It was also encouraging to note that the least developed countries as a group were not particularly the victims of under-expenditure.

26. Another point noted by the Deputy Administrator was the fact that if the Council were to adopt the recommendation to raise the standard cost for experts to $36,000 per annum, the figures given in the document before the Council would automatically be increased, even if no further projects were approved or if there was no improvement in implementation of projects already approved. On the other hand, there might well be even greater slippage into the following cycle on projects already approved.

27. While UNDP was fully aware that speedy and efficient implementation was a joint enterprise which at present left much to be desired, he wished the Council to know that the Administration had devoted considerable attention to this problem in recent months, and had taken a number of measures to gear up both the agencies and the UNDP organization for better implementation.

Summary of discussion

28. Council members commended the Administrator for his concise and comprehensive report, which contained information of a descriptive nature that would be useful not only to recipient countries and the entire United Nations development system, but to other donors as well.

29. Members noted with special satisfaction the marked improvement in the rate of country project approvals which, mid-way through the current development cycle, amounted to 86 per cent of the aggregate country IPFs. Members were particularly encouraged to learn that approvals in 1974 were estimated at $400 million, a 50 per cent increase over the previous year, and they expressed the hope that that accelerated pace would be maintained in the next cycle. At the same time, it was strongly stressed that efforts in that regard should in no way lead to a decrease in the usual quality required in approving projects. In the judgement of one member, those efforts had not been far-reaching enough, in view of the fact that there were 19 countries where project approvals still accounted for less than three quarters of their respective IPFs. Another member, while welcoming the growth in project approvals, voiced some concern that the Administrator might be called upon more and more to approve projects in isolation, outside the context of any general planning or a systematic study of countries' priorities, since most country programmes approved thus far covered only the period 1972-1976. He wondered, therefore, whether the Administrator, when considering isolated projects, might use as a basis an initial sketch of future programmes.

30. On the other hand, the majority of members expressed their disappointment that only 47 per cent of the aggregate country IPFs had so far been expended. There was general agreement that, at the current stage, the Programme should strive for a delivery rate of at least 65 per cent if it was to meet its commitments for the current cycle. In commenting on the gap between approvals and expenditures, the observation was made that project implementation had been only half as fast as project approvals and, if such a situation were to continue for the remainder of the cycle, UNDP would be faced with the problem of "rear-end loading" rather than the "front-end loading" talked of at the commencement of the programme period. At the same time, however, a few members shared the opinion that such a shortfall in delivery was not particularly alarming; rather they considered an average rate of close to 50 per cent in project expenditures at approximately half-way through the first cycle as satisfactory. In supporting that view, they referred to the considerable changes and difficulties encountered in the implementation of the first cycle following the introduction of the new programming system, and expressed the conviction that, toward the end of the cycle, the delivery picture would be a considerable improvement over the present one.

31. In a further examination of the question, there was a clear concern on the part of all who spoke over the 7 per cent decline in the level of project expenditures for the first half of 1974, as compared to the same period in 1973. In that regard, one member wished to know the specific reasons for the downward trend in the rate of implementation in some recipient countries, as well as what safeguard measures might be taken in the future to prevent other countries from experiencing similar reductions. Another member wondered why the average rate of project implementation in Africa appeared to be higher than that in other regions. A third pondered the impact of the introduction of standard costs for experts at the rate of $36,000 per annum on expenditure data.
32. Discussion also focused on other aspects of project implementation. For example, one member referred to the fact that the impression had been created that UNDP was tending to launch out into large capital-intensive projects, which, while improving the statistics of delivery, did not improve the genuine rate of implementation nor attack the root causes of the slowness of implementation. Mention was also made of the fact that any loss of time with regard to the purchasing and placement of equipment would mean a further deterioration in the purchasing power of the remaining funds owing to the inflationary situation in the world which had affected UNDP resources to the amount of several million dollars.

33. While it was generally recognized that the Council's decision on over-programming had helped to accelerate project implementation, the suggestion was put forward that countries whose cumulative project approvals had already exceeded their IPFs and whose next cycle illustrative IPFs were not significantly higher than their present ones should proceed more cautiously than other countries, so that the spirit of permitting project expenditures to reasonably exceed IPFs only as carefully controlled exceptions could be adhered to.

34. The Council also devoted attention to measures and initiatives that might be taken to significantly step up the tempo of project delivery. Among the observations made were the following: (a) the decision of the Council taken at the current session to increase the ceiling in the project approval authority of Resident Representatives to $150,000 and the delegation of authority to Resident Representatives to initiate follow-up action after projects had been approved in principle at headquarters were seen as moves in that direction; (b) an appropriate delegation of authority by the agencies to their national and regional representatives might also contribute to a higher rate of implementation; (c) efforts to strengthen the technical support to Resident Representatives should also include an increase in the number of industrial development field advisers, as had already been done in the case of the Senior Agricultural Adviser; and (d) wherever possible, counterpart personnel should be sent abroad for training prior to or at least at the outset of project execution.

35. By the same token, the Administrator was urged to give greater responsibility to national authorities in project implementation, as well as to devote greater attention to an increased utilization of the capabilities and expertise of the recipient developing countries. In that regard, it was suggested that countries with strong external trade organizations, whose specialized enterprises ensured the regular provision of all needs and supplies, could assume responsibility for implementing the acquisition of equipment in specified projects. Another alternative put forward was that the responsibility for the implementation of the purchasing of equipment might be entrusted to the Projects Execution Division of UNDP or, in relevant cases, to UNICEF, which had demonstrated efficiency in this activity. In addition, special emphasis was given to the possibilities offered by subcontracting as a means of accelerating delivery, particularly in certain types of pioneer or complex, multidisciplinary projects. Importance was also attached to the continued use of internal seminars for Resident Representatives and managerial staff concerned with project implementation, which, it was stressed, should also be attended by government officials responsible for the implementation of country programmes. Further, several members endorsed the view that the recipient countries should redouble their supervision and systematic control of the performance of their country programmes in order to reduce to a minimum the problems encountered in project implementation which affected their development. Another member underlined the importance of the elaboration of a methodology for
the evaluation of project implementation as a means of improving delivery. Finally, one member informed the Council that his Government, in an effort to explore with the Administrator ways and means of improving project delivery, had scheduled a detailed review of the entire UNDP programme in his country which would examine in depth each project by sector, with a view to planning better implementation.

36. With regard to the least developed and poorer countries, several members considered it particularly disturbing that for certain major recipient countries (i.e., Bangladesh, India and Pakistan), delivery performance in respect of project approval and expenditure was well below the average level of attainment, and further clarification was requested regarding the reasons for this. Special attention was drawn to the fact that the figure on project expenditures for Bangladesh was close to zero, and it was emphasized that every effort should be made by UNDP to effectively utilize the resources allocated to that country, in the light of its particularly difficult situation. In that context, one member alluded to the fact that the statistical data provided in the Administrator's report should not be conducive to prejudging the absorptive capacity of particular countries, since problems of implementation were often peculiar to individual projects. In addition, there was a general consensus that, pending the adoption of new IPFs, the funds provided for special measures for the least developed countries to meet their urgent requirements should receive the special attention of UNDP.

37. On the question of intercountry projects, one member spoke of the possibilities offered by the concept of technical co-operation among developing countries in the utilization of the remaining resources for intercountry projects. While the difficulties associated with those projects were recognized, the comment was made that, to the extent possible, the Administrator should stimulate, with the help of the Projects Execution Division, the developing countries themselves to take the initiative with regard to projects that received financial support through intercountry IPFs.

38. Several members supported the position taken by one member that UNDP should ensure that the resources available to South Viet-Nam were of benefit to all the people of that country. In this connexion, it was pointed out that although project approvals represented more than 70 per cent of that country's $10 million IPF, those projects were directed to only one party, namely the Saigon Government. The member said that that was clearly not in keeping with the Paris agreement which stated that there were two parties in South Viet-Nam - the Provisional Revolutionary Government (PRG) and the Saigon Government. As a solution to that problem, the same member put forward the proposal that since the Office of the United Nations High Commissioner for Refugees (UNHCR) and UNICEF were both active in the whole of South Viet-Nam, the Administrator might look into placing the remaining part of that country's IPF at the disposal of these two United Nations organizations, with the aim of channelling UNDP assistance to the population also under the jurisdiction of the PRG. The hope was also expressed that the Administrator would report on the progress of such co-operation with UNICEF and UNHCR at the June 1975 session of the Council. Some members of the Council stated that as large as possible a part of the UNDP resources allocated for assistance in South Viet-Nam should be granted to the PRG, whose territory and population had suffered the most as a result of the hostilities. On the other hand, one member, in opposing this suggestion, declared that his Government would never
approve any unilateral reassignment of IPF resources without the official approval of the recipient Government concerned, and in accordance with the Consensus. 2/

39. Another member expressed his Government's opposition to the delivery of assistance by UNDP to what he termed the Lon Nol clique, Israel, the Saigon authorities in South Viet-Nam and the authorities in South Korea.

40. The same member strongly stressed that neither the Chiang Kai-shek clique entrenched in Taiwan Province nor any group or individual under its control had any right to participate in international organizations in the United Nations system. In accordance with General Assembly resolution 2758 (XXVI), which stated that the People's Republic of China was the sole legal Government of China, the International Monetary Fund, the World Bank and its affiliates, the International Development Association and the International Finance Corporation, should take immediate action to expel the representatives of the Chiang Kai-shek clique from their organizations. He further requested UNDP to urge those organizations associated with it to act in accordance with the General Assembly resolution.

41. Lastly, one member, supported by other members of the Council, attached great importance to the Administrator's comprehensive report to be submitted to the twentieth session on the main problems of implementation, and expressed the hope that it would include a more detailed analysis of the bottle-necks responsible for delaying the implementation of UNDP projects, including the following:

(a) Delays in the preparation of detailed project requests;

(b) The time lapse between the submission of these requests and the first substantive UNDP response to them, as well as up to the final decision;

(c) The frequency of recourse to special appraisal missions by headquarters staff or special consultants in the process of project appraisal and the possibility of delegating further responsibility for such appraisal to field offices;

(d) The time taken to recruit consultants for appraisal missions and to finalize details of their field trips in consultation with host Governments;

(e) The length of time required to deliver the essential external inputs of an approved project, such as international experts and equipment; and

(f) Delays encountered in obtaining the approval of host Governments, permission to import equipment and clearance of experts.

42. Within the broader context of the examination of the question of implementation, members indicated that the report for the next session should also focus on a number of other factors affecting implementation which would enable the Council to take the necessary remedial measures to ensure speedy delivery. Chief among the questions to be examined in the study were:
(a) An analysis of the reasons and causes for delays in project implementation in the least developed and other poorest and most seriously affected countries;

(b) The question of subcontracting;

(c) A review and analysis to date of the operations of the Projects Execution Division;

(d) Detailed statistical information on the following:

   (i) Estimated country project expenditures and approvals for the years 1975-1976;

   (ii) A summary chart giving a more detailed breakdown in the percentages of IFPs expended in each country;

   (iii) Data on project approvals and expenditures by Executing Agency and by region.

In this connexion, the hope was expressed that the Administrator would report periodically to the Council on the whole range of approval and implementation actions;

(e) A comprehensive summary of the difficulties experienced by the agencies with regard to timely implementation of projects as well as an assessment by the Administrator of the efforts undertaken by the agencies to respond to General Assembly resolution 2975 (XXVII) on strengthening their delivery capacity;

(f) Problems associated with the timely recruitment of suitable experts, including the views of the United Nations Office of Technical Co-operation; and

(g) An indication in the report of the extent to which delays in implementation have contributed to the cancellation of projects, and whether the reviews of ongoing projects contributed to an assessment of the causes of delayed implementation.

43. There was general agreement in the Council that in view of the importance attached to the question of project implementation, the Administrator's report should be presented as a separate paper, rather than included in this annual report, and should be considered as a separate item on the agenda. It was further requested that the paper be available well in advance of the forthcoming session to afford Council members ample opportunity to study it.

Observations of the Administration

44. In responding to the points raised in the course of the discussion, the Deputy Administrator (Administrative) observed that the Administrator would prepare a separate, comprehensive report for the Council's forthcoming session on the question of project implementation, which would attempt to deal with the many constructive suggestions made by Council members. He informed the Council of some of the steps that had been taken by the Administrator in recent months to speed up
the delivery rate. Included among these was a policy paper that the Administrator had sent to all the agencies on ways of improving implementation. He was encouraged to note that in his discussions with the agencies they had viewed favourably the proposals made in the paper, which dealt with such questions as the increased use of subcontracting, a broader range of consulting firms, institution twinning, increased delegation of authority to project managers and team leaders, etc. In that connexion, he mentioned that UNDP had been invited by two of the larger agencies to assist them in analysing some of the bottle-necks in their organizations; in fact, there were representatives from UNDP on internal working groups within the agencies which were attempting to develop joint guidelines that would result in increasing their delivery capacity.

45. While acknowledging that the implementation picture had been disappointing, the Deputy Administrator expressed confidence that the Programme would be able to deliver the total IPF figure for the five-year period 1972-1976. There was a tendency to compare current delivery with the especially high figures for 1971 and 1972, which had reflected the great effort made by UNDP and the specialized agencies to finish projects under the earlier system. Project expenditure in 1971, for instance, had risen 24 per cent over project expenditure in 1970. Project implementation at current prices had grown three times over the 10-year period 1965-1974 but had levelled off in 1973 and 1974. In summarizing briefly some of the reasons for the low implementation rate in 1973 and 1974, he cited the following: the introduction of a complicated new IPF system; project approval rates for 1972-1973, which were too low to admit of planned implementation; the trend towards more sophisticated projects; the desire on the part of UNDP to better adapt projects to the needs of the recipient country concerned; difficulties experienced by some of the Executing Agencies in achieving faster implementation; and the desire on the part of the developing countries for more sophisticated and qualified experts, which took more time to recruit, as well as the delays on the part of many recipient Governments in approving candidates.

46. With regard to project approvals for 1974, he reiterated that these were estimated to exceed $400 million. There was general agreement within the Administration that projects must continuously be approved at the rate of $30 million to $35 million a month, so that, by the end of 1976, there would be a sufficient stock of approved projects prepared for the next cycle.

47. In referring to the observation made that there was a tendency on the part of UNDP to have too large an equipment component in its projects, the Deputy Administrator pointed out that for 1973, the equipment component had accounted for only 12 per cent of total expenditures. As had been pointed out by another member of the Administration, however, paragraph 48 of the Consensus stated that UNDP pre-investment assistance should be sufficiently flexible so that in appropriate cases it might consist of the supply of equipment alone as part of an integrated pre-investment project.

48. He informed the Council that project approvals for the least developed countries amounted to $23.7 million at the end of November 1974, and project expenditures were estimated at $4.5 million at the end of December 1974. In his judgement, the over-all delivery picture under the special measures fund for the least developed countries was satisfactory, in view of the fact that the first projects had been approved only in the latter part of 1973.
49. Lastly, regarding the increase from $30,000 to $36,000 in the standard cost of experts, he pointed out that since expert costs were, on average, about two thirds of the total costs of projects, that would mean an increase of 13 to 14 per cent for 1975, compared to using the earlier figure.

50. The Administrator, in his response to the Council's discussion of the subject, also commented favourably on the steps taken by the Executing Agencies in recent weeks, in close collaboration with UNDP, to accelerate the pace of project delivery. He assured the Council that every effort was being made to ensure that UNDP would not sacrifice quality at the expense of faster implementation. He also appealed to the Governments of the recipient countries to do all they could to improve the implementation lag. Finally, regarding the proposal to make assistance available to all the people of South Viet-Nam by channelling UNDP resources through UNICEF and UNHCR, he indicated that he would explore the matter and report to the Council at the June session, bearing in mind all that had been said in this regard.

Decision of the Governing Council

51. At its 464th meeting, the Governing Council adopted the following decision:

The Governing Council

1. Takes note of the Administrator's report on project approvals and expenditures in relation to IPFs (DP/89) and the views expressed by the members during the discussion,

2. Requests the Administrator to report further on this matter to the twentieth session and to include in his report an analysis of factors influencing project implementation and of measures taken and which need to be taken to improve delivery, bearing in mind the suggestions made during the debate.
CHAPTER IV
PROGRAMME RESOURCES AND COSTS OUTLOOK FOR 1977-1981

52. The Deputy Administrator (Programme), in his introduction, said that item 15 and the issues raised in the relevant document (DP/90) brought the Council perhaps to the heart of some of the major policy questions it must resolve before entering into the second programming cycle in 1977. The Council had already taken important decisions on criteria that should govern individual country IPFs and regional IPFs. But for practical purposes, what was really needed as indicative figures were not criteria or even concrete shares but absolute figures of country and regional IPFs. The Deputy Administrator recalled that the Council had already decided that decisions on actual IPFs for the period 1977-1981 should be taken if at all possible at its session in January 1976. But if the criteria already adopted were to be translated into IPFs, Council agreement was needed on two important issues, viz., (a) the assumed and indeed desired rate of growth in the resources of the Programme which could act at least as a spur to common and equitable effort, and (b) the resources to be devoted to other Programme elements such as global and interregional projects, the Programme Reserve, agency overheads and UNDP administration. The purpose of DP/90 was precisely to invite the attention of the Council to these two issues - and their various facets - so as to facilitate the Council's ultimate decision in January 1976 on indicative or operational figures for the various constituents of the Programme.

53. On the assumed or desired rate of growth in resources, the Deputy Administrator said that by far the most important question to be reckoned with was the undoubted fact and expectation of a significant upswing in the cost of the Programme as a result of continuing inflationary trends around the world. Section I of document DP/90 gave the Council a number of calculations to show how far real delivery would increase - or fail to increase - depending on different rates of resource growth and inflation until the end of the second cycle in 1981. Even with 15 per cent per annum increase in voluntary contributions from now on in money terms, the increase in the real content of the Programme from the first to the second cycle would be modest indeed even if an inflation rate of 6 per cent per annum was assumed. It was, however, for the Council to decide what the desired, assumed, and indeed feasible rate of growth in resources should be. The Deputy Administrator said that he would like to urge that the undoubted fact and expectation of inflation should and could only be taken into account in practical terms by assuming in advance a rate of growth in resources in money terms which took into account some likely increase in prices. Secondly, since the Council would inevitably be relying on assumptions regarding future rates of inflation, perhaps it should explicitly recognize the need for a review of IPFs, say, once at the mid-point of the next cycle. On that basis, it did not seem an unwarranted or unduly ambitious assumption to propose a 15 per cent rate of growth in resources per annum, particularly in the light of the undoubtedly large needs for technical co-operation that currently remained unfulfilled.

54. Turning from resources to the need for a closer look at all the constituents of the Programme, the Deputy Administrator said that document DP/90 invited the
Council's attention to the fact that, even in regard to country IPFs, there were at least three questions that remained to be resolved. First, how does the Council wish to deal with the IPFs of countries which are becoming eligible for an IPF for the first time? The Administration proposed that once a share or a total of country IPFs was fixed, this share should accommodate the claims of new members also. He added in passing that even during the current cycle, the Council might have to provide an explicit IPF soon for some of the new or prospective new members.

The second question on country IPFs related to the so-called undistributed IPFs for certain countries and territories. Here again, some revised decisions seemed warranted even during the current cycle. For the next cycle, at any rate, the undistributed IPFs also should be fixed not ad hoc or arbitrarily but as far as possible in accordance with the same criteria to be applied to distributed IPFs. The third and perhaps the most complex unresolved question on country IPFs was the interpretation of the consensus of the Council that the IPF of no country in the second cycle should be reduced below its IPF in the current cycle - unless of course, it voluntarily agreed to a reduction. If this consensus was to be interpreted strictly in money terms, no elaborate calculations would be needed to show what would happen even if resources grew faster than was earlier assumed. But if it was assumed that the floor should be interpreted in real terms, calculations became less obvious; DP/90 attempted some calculations on this hypothesis of real terms. The Deputy Administrator added that the difference between a floor in money terms and a floor in real terms on certain assumptions of inflation rates was of the order of $80 million to $90 million over the next cycle.

55. Outside of country and regional projects, the Deputy Administrator referred to two important elements of global and interregional projects and the Programme Reserve which deserved the Council's attention. He thought that an increase in the share of global projects from a modest 1 per cent currently to 2 per cent was eminently justified both in terms of the very high cost-benefit ratio of such projects and the undeniable advantages of a multilateral approach to some of the global problems of research and co-operation. On the Programme Reserve also, notwithstanding the Administration's recommendation that already identifiable elements such as investment feasibility studies and the special needs of the least developed countries should in the second cycle form a part of normal country IPFs and a charge thereon, he felt that the share of such a Reserve, around 2.7 per cent at present, should be preserved in view of the many uncertainties to which the Programme was subject, including the needs of countries affected by natural calamities. For the same reason, even if the requirements of Special Industrial Services (SIS) were to be found outside the country and regional IPFs, perhaps an approach which might cause less confusion all around might be to earmark a specific additional amount for such projects in each region rather than have a total figure carved out for them from the Programme Reserve. On the other hand, apart from unexpected emergencies, Programme Reserve funds could and should be used for developing new areas of activities for the Programme and for evaluating those at hand by organizing appropriate missions or studies or consultative mechanisms. Currently, the general desire to keep administrative expenses to a minimum and the lack of any specific provisions under programme budgets for general programme development and evaluation activities tended to make UNDP less introspective and innovative than it ought to be.

56. The Deputy Administrator, in commenting on agency overheads and UNDP administrative costs, observed that the assumption in document DP/90 that administrative costs could be a smaller proportion of total costs assured an
increase in the real content of the programme over the next cycle, for if the programme increased only in money terms, simply reflecting an increase in costs, it was likely that the same increase in costs would affect the administrative budget.

Summary of discussion

57. Council members considered that the level of resources to be made available in support of UNDP activities in its second planning cycle - 1977-1981 - was a delicate but fundamental issue. They regarded it as essential that UNDP continue to grow so as to respond to the technical co-operation requirements of developing countries, which were expanding in conditions of considerable uncertainty. Some members of the Council put the matter of the future level of Programme activities alongside two other important concerns of UNDP; those of some possible reorientation and of greater efficiency in the use of resources. One member stated that the issue of future resources of UNDP should be discussed, also, in the context of the forthcoming special session of the General Assembly. Because of the far-reaching nature of the question, it was generally felt that the discussion on future resources at the present session of the Council should be regarded as preliminary to a more definitive exchange of views at the twentieth session, when there would be a thorough-going consideration, also, of the other important concerns referred to above.

58. It was generally felt that a central problem in considering the level of future resources for UNDP was the corrosive effect of widespread inflationary conditions. One member stated that inflation had been a problem for the industrial countries since the end of the Second World War and had now become a global phenomenon. One member recalled that his Government had been deeply concerned with this problem as it had affected UNDP for some time and reference was made to consideration of the matter at the eighteenth session of the Council and to the worsening of inflationary conditions in the recent past. Several members appreciated the effort made by the Administrator in exposing this matter in DP/90 and considered that the Council had to face the unpleasant facts of inflation, since its possible effect could be sufficiently serious as to transform UNDP from a dynamic to a stagnant component of the over-all development assistance effort.

59. It was generally agreed that it was impossible to foresee the extent of inflation over the next several years, to the end of the second IPF cycle, and that the figures used in DP/90 - 6 and 9 per cent per annum for 1977-1981 - were to be regarded simply as assumptions. Several members considered these assumptions too conservative, certainly for the near future. To overcome the difficulties in making a long-term assessment of the rate of inflation, several members supported the idea, expressed in DP/90, that whatever decision might be made in the near future on growth rates for voluntary contributions for 1977-1981 might be coupled with an understanding on a form of "mid-term review" of such growth rates during the 1977-1981 cycle. Some members suggested grappling with the uncertainties of inflation by means of an annual review of price projections and related adjustments in IPFs at current prices. It was stated that information for such an exercise was available, as was comparable experience in utilizing such data.

60. Several members stressed the deleterious effects of inflation on the current IPF cycle. Some members reiterated that with 1972-1976 IPFs fixed in monetary
terms, the greater the degree of inflation, the smaller the volume of real benefit from UNDP to developing countries, with the full burden of inflation borne by recipient participants in the Programme. One member calculated that to compensate for the unexpected high rate of inflation in 1973 and 1974, in theory as much as a further $250 million would be required to be added to resources currently available for the 1972-1976 IPF cycle.

61. The Council's discussion reflected a range of views as to the desirable extent and method of an inflation adjustment to the current level of resources available that might be introduced for the 1972-1976 cycle. While some members favoured a full inflation adjustment to prevent an unfair burden being borne by the developing countries, several members considered it to be impractical or inappropriate and preferred a partial inflation adjustment to the current level of resources available. The proposal, in DP/87, to use the currently estimated 1972-1976 planning surplus of $58.8 million for that purpose was supported by several members, but there were a number of views on the manner of its use. Some members preferred the use of that surplus in relation to the rising cost of expert services. Some members emphasized the need for an equitable distribution of the surplus, with an appropriate allocation to the most seriously affected countries. Some members considered that equity might be achieved if the planning surplus was added to resources available for the 1977-1981 cycle, with the allocation of the surplus among individual countries on the basis of the 1977-1981 criteria that had already been decided on by the Council. One member stated that, in addition to the use of the planning surplus, it was clear that a special effort was called for to secure additional voluntary contributions for 1976 in order to allow for a larger inflation compensation.

62. Some members made a clear connexion between resources to be made available to UNDP and the Programme's ability to implement technical co-operation assistance projects. One member referred to the disappointing rate of implementation in the recent past but suggested the influence at that time of the reorganization of the Programme. He stated that his Government was motivated to some degree by the Administrator's positive and optimistic opinion, in DP/90, that there was no well-grounded evidence to suggest that the Programme could not effect - for the first IPF cycle - a level of real delivery consistent with currently available resources, supplemented by a partial inflation adjustment. One member recalled the Administrator's statement to a previous session that UNDP with its present set-up was capable of administering a programme of up to $600 million a year, at 1974 prices.

63. As regards the crucial issue before the Council of the level of UNDP activities in the second planning cycle, it was generally agreed that the Programme should continue to grow. One member noted that the resources equation for 1977-1981 had many unknowns. Some members emphasized that the need for assistance to developing countries had not lessened during a period characterized by inflation, liquidity problems and increased risks. One member stated that in the current situation, some developing countries had in fact been pushed to the brink of economic disaster. The future growth of UNDP was urged by some members because of their policy of increasing support to multilateral organizations and their specific recognition that the Programme played a vital role in strengthening understanding among peoples. Several members considered that growth should not be viewed simply in terms of obtaining an expanded quantity of resources but in more comprehensive
terms. Growth should be derived, also, from a greater efficiency in the use of resources - including agency overhead costs - and, further, from a dynamic endeavour to improve the quality of Programme assistance.

64. The exact determination of UNDP's future role, in the view of several members, had to be related also, to future trends in the totality of international endeavours at extending development assistance. Reference was made to the real problem of competition for aid resources that faced donor countries, as illustrated by recent international decisions on a "third window" and new aid related to the world food problem. It was also possible that further calls for assistance might come out of the next special session of the General Assembly. Some members looked to the Administrator's report to the twentieth session of the Council on future resources for a full picture of flows of assistance through all aid channels to the developing world and anticipated that there would be a discussion of the matter. Some members preferred that all multilateral technical co-operation activities should be brought together under UNDP but recognized the possibilities of "scatterization". Several members stressed that the objectives of UNDP would not be ill-served should it be decided to divert some resources from UNDP to, for example, the new Agricultural Development Fund concerned specifically with an innovative attack on the problems of food.

65. One member stated that his Government had supported UNDP strongly in the past and that, while it would continue support for a dynamic Programme in the future, he did not think this objective would be furthered by the adoption of any specific over-all growth target for the future, whether that over-all target was couched in monetary or in real terms. One member stated that the adoption of an over-all growth target carried no implication for the voluntary contributions of individual countries and, certainly, did not impose a ceiling on any individual contributions effort.

66. The more general view expressed favoured the adoption of an over-all growth target for the Programme for 1977-1981 and one member referred to the Consensus as a reminder that such a target would not mean the adoption of a firm commitment but was meant to provide a reasonably firm indication for the purposes of forward planning. While several members favoured the adoption of a growth target of voluntary contributions for 1977-1981 expressed in monetary terms, several other members preferred the acceptance of a future rate of real growth in Programme activities.

67. Several members agreed with the Administrator's view, in document DP/90, that the adoption of a specific target growth rate for voluntary contributions - maintaining the present approach - was the more flexible way of assuming the Programme's growth in 1977-1981. It was less demanding than a growth target in real terms, from both policy and technical standpoints. Some of those members stated that it did not mean any lack of sympathy on their part for the principle of a real growth target. It was simply that a real growth target was not a realistic option. As regards the technical problem, of measuring the degree of inflation as concerns UNDP activities, this might not be adequately met by the approach in document DP/90, of measuring the unit cost of the "equivalent expert man-year", since fellowship and equipment unit costs might not increase at the same rate as expert unit costs.

68. Several members concluded that the best interests of the 1977-1981 Programme
would be served, and damage to aid activities avoided, by the adoption of target
growth rates established in real terms, with voluntary contributions sufficient
to meet those real targets and the effects of inflation. One member recognized
that inflation adjustment might have to be partial for the 1972-1976 cycle but
urged that there should be full inflation adjustment as far as the 1977-1981 cycle
was concerned. One member regretted that while document DP/90 had properly stated
the issues of targets for future growth and had usefully introduced the concept of
the "equivalent expert man-year", the document had then pulled its punches by
drawing away from advocating a 1977-1981 growth target in real terms. He would
have preferred a real growth target for the second cycle even if that target was
a modest one.

69. Several views were expressed as to the size of a target growth rate that
might be established for UNDP in 1977-1981 and there was general agreement that,
as a minimum, the figure of at least 9.6 per cent per annum for voluntary
contributions for the current cycle might need some upward adjustment for the next
cycle. One member said that before calculating a rate of growth of resources
for 1977-1981, the Council should first see the concrete results of the present
cycle, in both monetary and real terms. One member suggested that a target for
voluntary contributions in 1977-1981 might be calculated on the basis of the
illustrative individual country and regional IPFs used by the Council at its
seventeenth and eighteenth sessions and of further Council decisions on allocations
among major Programme cost categories. One member suggested that the target growth
rate for voluntary contributions for 1977-1981 should not exceed 12.5 per cent per
annum, given the financial position of traditional donor countries. He stated
that, as indicated in DP/90, on the assumptions of a 6 per cent inflation rate and
no adjustment for inflation in 1972-1976, a 12.5 per cent annual growth in
voluntary contributions through 1981 would permit a 4 per cent annual growth in

70. Several members placed emphasis on a target annual growth rate in voluntary
contributions for the second planning cycle of 15 per cent, or of at least 15 per
cent. Some members recalled the reference to this figure in General Assembly
resolution 2973 (XXVII). Several members believed that this rate should be aimed
at, was attainable, and would be achieved. One member urged that this figure
was reasonable for UNDP and that it should not be considered for reduction on
the grounds that there might be increased assistance by donors to other assistance
organs. One member stated that, should the 15 per cent target be approved by the
Council, his Government would adopt that figure for its own contributions effort
for the 1977-1981 cycle. Some members considered that even an annual target for
voluntary contributions of some 15 to 20 per cent would seem inappropriate, given
the currency situation and prevailing inflation rates which were substantially in
excess of the 6 and 9 per cent assumption used in DP/90.

71. In addition to voluntary contributions, the UNDP field programme was financed,
inter alia, by "assessed programme costs" (to the extent of some $71 million in
1972-1976) and several members urged the complete elimination of that item from
the 1977-1981 accounts. It was regarded as a compulsory levy, as an irritant, and
as an unnecessary burden for developing countries. One member suggested the
integration of assessed programme costs into the voluntary contributions effort of
developing countries. One member was opposed to any blanket waiver of the item
in 1977-1981 and preferred the adoption of a graduated system of that source of
income, with the richer recipient countries contributing an amount equivalent to,
say, 20 per cent of their IPF rather than the current flat 8 per cent.
72. Several members indicated a target growth for UNDP in terms of real growth rates or based on real growth rates. Several members referred to a target of 5 per cent per annum between the two cycles (corresponding, under certain assumptions, to 15.3 and 17.7 per cent per annum growth in voluntary contributions, as shown in DP/90, table 6). They hoped that an agreement on that rate of growth might be reached at the twentieth session of the Council. One member stated that UNDP should aim for a 1977-1981 real growth target that was similar to the real growth in the current cycle. One member stated that, but for the problems that were besetting the world economy, he would have preferred even a real growth target for UNDP of 9.6 per cent per annum.

73. In considering the future growth of the Programme, into 1977-1981, there was an exchange of views as to what rate of real growth might have been implied in the original 9.6 per cent per annum decision on voluntary contributions covering the present IPF cycle. Some members stated that in deciding on 9.6 per cent, there was never the intent to indicate a commitment in real terms. One member insisted that the decision was not simply in nominal terms and another member considered that the 9.6 per cent target referred to real terms. Some members recalled that while the 9.6 per cent target was in nominal terms, the decision was taken having regard to trends in 1965-1971. Since, in that period, average annual inflation was close to 5 per cent, the annual real growth foreseen in the 9.6 per cent decision was also close to 5 per cent.

74. Several members were concerned that an appropriate over-all growth of UNDP for the second planning cycle should be achieved through an equitable pattern of voluntary contributions by all individual country participants in the Programme that could afford to contribute. They considered that this matter of "burden sharing" was fully consistent with the wholly voluntary nature of the Programme - a principle supported by all members. Some members stated that the higher the aggregate level of contributions sought for the Programme in 1977-1981, the more important it was to achieve universality of contributing participants in the Programme.

75. Some members indicated their recognition of the importance of major donor participants maintaining strong support of the Programme and stated that, because of the continuing needs of developing countries, their position of strong support would not diminish with increasing support from other donors. In that context, one member recalled that the rate of growth of voluntary contributions by his Government in recent years had far outpaced the 9.6 per cent per annum rate, having been of the order of 20 to 40 per cent per annum. He stated that his Parliament's decision on the level of support to the Programme was a political one which took account of the efficiency of UNDP's performance, of the performance of the Governing Council and of the extent of representation of his country on the staff of UNDP, which it considered insufficient compared with its share of contributions to UNDP at this time. One member announced that his Government would add significantly to its already substantial level of contributions to the United Nations Capital Development Fund.

76. Several members underlined the appropriateness of assessing proper burden sharing in the light of all development assistance contributed by a Government. Thus, one member indicated that, in his Government's budget for 1975-1976, there would be allowance for aid equivalent to 1 per cent of the country's GNP. One member stated that his Government hoped to attain the 0.7 per cent of GNP target
for its official development assistance by 1976. One member recalled that while his country's share in two other major multilateral assistance funds was of the order of 1.2 and 2.4 per cent, respectively, his country's voluntary contribution to UNDP was equivalent to as much as 9 to 10 per cent of total contributions by all donors to the Programme. He stated that it would not be realistic to expect that to continue through 1977-1981 and that a greater effort must be made at more equitable burden sharing. One member stated that support for UNDP could be influenced adversely by the trend to the proliferation of new funds.

77. Several members considered that with the current serious balance-of-payments problems of some of the traditional major donors, equity in burden sharing required a greater relative effort by other Programme participants, including oil producing countries and recipient countries at the upper end of the per capita GNP scale. One member stated that a good contribution to UNDP would, nevertheless, be equivalent to only a marginal share of the new oil income of oil producers. The fact that those participants were contributing more was noted and hope was expressed that their contributions would grow further. It was stated that more countries should become net contributors and that efforts in this matter should be pursued since the results so far had been disappointing. It was considered that the concept of net contributions should be understood as requiring more than that the voluntary contributions of a country should exceed its IPF since, at the very least, contributions should also cover related overhead and administrative budget costs. Responding to the call for more net contributors to the Programme, one member reminded the Council of his Government's intention to achieve that status.

78. Some members requested the Administrator to include in his report on future resources to the twentieth session data on the development assistance of individual countries, including contributions to UNDP in relation to their respective GNP, and contributions to UNDP in relation to their respective total aid assistance. One member urged that, before the twentieth session, the Administrator should discuss informally with donor countries the matter of increased resources for the Programme.

79. In considering the distribution of total 1977-1981 resources among major cost categories (country projects, regional projects, interregional projects, global projects, the Programme Reserve, agency overhead, and UNDP administrative and programme support budget), the general view expressed in the Council was that, as suggested in DP/90, the present 1972-1976 distribution should, with some exceptions, be generally maintained.

80. In the current 1972-1976 cycle, country projects accounted for 82.5 per cent of the field programme and several members supported the retention of this general order of magnitude into 1977-1981 for IPFs for countries and territories, including new participants, with distributed or undistributed IPFs.

81. Several members commented on the changes that might be necessary in regard to the illustrative individual country IPFs for 1977-1981 shown in document DP/26, which had been calculated inter alia, on then available data on contributions and on various assumptions, including an annual growth rate of voluntary contributions through 1981 of 9.6 per cent. Several members suggested that, in the event the total of resources available in 1977-1981 for these country IPFs should differ from that assumed in document DP/26, the shares of the total established for individual countries in document DP/26 should be maintained for planning purposes. Several members considered, however, that the spirit of the seventeenth session
decision 3/ on country IPFs required that - where the illustrative 1977-1981 IPF had been determined by the dollar value of the 1972-1976 IPF, on the grounds that the application of other criteria would have otherwise resulted in lower 1977-1981 IPFs - this "floor" value should continue to be expressed in dollar terms. They stated that this "floor" value approach had already given recipients more than would be available to them by applying the basic criteria (of population and per capita GNP) and that the countries thus benefiting should not obtain still further IPF increases, as would occur automatically if the individual country shares in document DP/26 were applied in a situation of a 1977-1981 resource level greater than that assumed in document DP/26. In the context of criteria for determining individual country IPFs, one member restated his position, made at earlier sessions, that basic criteria of population and per capita GNP were insufficient and that qualitative criteria needed to be used.

82. In considering future country IPFs, one member stressed that the concept of universality meant that all Members of the United Nations should be devoted to the purposes of economic and social development and should participate in UNDP whether or not they were recipients. What was required now of UNDP was a renewed effort by all members to focus assistance on the 50 to 70 poorest among the developing countries in their quest for development. He hoped that numerous other recipients, perhaps 20 to 30 countries, would follow the example of Israel and Spain and would graduate out of the recipient status so that more IPF resources could be reallocated to the poorest countries. He stated that such graduating countries could continue to get UNDP assistance, should they so desire, through cost reimbursable projects, with reimbursement covering all costs, including Executing Agency and UNDP budget costs.

83. Several members expressed their agreement with the approach indicated in DP/90, paragraph 34, in regard to the calculation of "undistributed country IPFs" for 1977-1981, i.e., that it would appear more equitable if, for the second IPF cycle, undistributed country IPFs were calculated in the same way as distributed country IPFs, with allowances for special treatment of the two "basic" variables and for the very particular problems that many small island countries experience.

84. In regard to 1977-1981 country IPFs for new participants, members supported the view, stated in document DP/90 that they should be determined by the same criteria as those approved by the Council for current participants. Several members considered that the reserve part of the total allocation for 1977-1981 country IPFs suggested to be earmarked for new participants should be smaller than the 6 per cent amount mentioned in document DP/90, paragraph 35. One member was not yet sure of the desirable size of this reserve. It was noted that the reserve might be increased by the voluntary surrenders of IPFs. One member stated that if this reserve was not fully absorbed by new participants, the resources of the reserve could be used elsewhere. Some members stated that the Council should, during 1975, determine on levels of assistance for the previous Portuguese territories for the period to end 1976.

85. There was support by several members of the Council for the proposal by the Administrator that in 1977-1981 the share of total field programme resources

allocated to global projects should be increased from 1 per cent, as exists for 1972-1976, to 2 per cent. One member stated that she warmly supported the increase since her Government had consistently supported such a move. One member wondered whether even more than 2 per cent of the field programme might not be allocated to global projects. Some members considered that this increased share might be at the expense either of regional and interregional projects or of regional projects alone. One member stressed the substantial multiplier effect that could be obtained from regional projects in the Latin American area. One member was not keen on the idea of increasing the share of the field programme going to global projects and saw the need to scrutinize the suggestion carefully.

86. In considering the conceptual basis for the Programme Reserve in 1977-1981, several members urged that it should be a true contingency or emergency reserve, i.e., for specific requirements that could not be foreseen. Where possible, categories of expenditure that did not meet this concept should be shifted into the IPF structure of the Programme.

87. Several members supported the retention of the SIS programme within the future Programme Reserve. One member expressed some doubts about this and hoped further attention would be given to the SIS item. One member suggested that, in future, investment feasibility studies should be handled through IPFs. Some members noted that since the purpose of the current special measures programme for the least developed countries would be met in 1977-1981 by the new country IPF scheme agreed to in January 1974, it would no longer be necessary to use the Programme Reserve for this purpose. Several members favoured the use of the Programme Reserve in regard to assistance related to natural disasters and one member underlined the importance of this by referring to the disaster situations before the Council at the current session. One member stated that, to the extent that the Office of the United Nations Disaster Relief Co-ordinator was successful in its job, the Programme Reserve need not duplicate those endeavours. There was general approval for meeting the requirements of national liberation movements from the Programme Reserve. One member foresaw the Programme Reserve as a helpful mechanism in regard to some aspects of General Assembly decisions on the new international economic order. 4/ Also, there was approval of the idea of using the Programme Reserve for projects related to programme development and evaluation, as indicated by the Deputy Administrator (Programme).

88. Views on the future size of the Programme Reserve ranged from an increase between the two cycles to maintaining its present size to some reduction. Some members stated that they favoured a small increase in dollar terms for the Programme Reserve but that it should constitute a reduced share of the field programme. One member favoured a reduced share of 1 per cent that should be shifted, not to global projects but, in view of the introduction of new country participants, to country IPFs. One member preferred a reduction, to the extent possible, in the share of the Programme Reserve, with a corresponding increase in the share of country and intercountry IPFs as a whole.

89. Members gave brief consideration, under item 15, to the future size of agency overhead and to the UNDP administrative and programme support budget. Several members noted with favour the intention to stabilize the latter so that, under certain assumptions as to Programme growth, the UNDP budget could account for some 11.5 per cent of the 1977-1981 field programme. One member asked whether this was a realistic goal in view of past experience.

4/ Resolutions 3201 (S-VI) and 3202 (S-VI).
90. Several members reviewed the Administrator's suggestions, in document DP/90, as to the Council's time-table for taking decisions on 1977-1981 over-all resources and their allocation, i.e., that the decision on over-all resources might be made no later than the twentieth session, so as to permit detailed figures on their allocation to be approved - as the Council had earlier decided - at the twenty-first session. It was generally agreed that it was too early to make a determination on the level of total resources for 1977-1981 Programme activities at the current session. Some members noted that at the time, it was necessary to adapt to the new economic situation. It was not a time of great optimism and this session could better be used for a preliminary rather than final discussion. Several members hoped that the time-table indicated by the Administrator might be adhered to. Some members requested further and more specific reports from the Administrator at these sessions. Some members indicated their need to keep their options open and implied that decisions on both the over-all resource level and on resource allocation could perhaps be taken at the twenty-first session. One member preferred that a determination on the over-all resource issue might be made after the special session of the General Assembly, i.e., at the Council's twenty-first session, with a decision on allocations at the twenty-second session.

Observations of the Administration

91. The Administrator, in response to the views expressed, thought there would be general agreement that the discussions on both implementation and resources had been instructive and useful. They were intended to constitute a preliminary consideration of these two items - preliminary both to the Council's June session and the special session in September. They had served this purpose well and he was grateful to all members who took part. Since the Deputy Administrator (Programme) would also be replying to the discussions, he wished to comment only on a few specific points.

92. The Administrator expressed his sincere thanks and warm appreciation to the members who had expressed their intent to give increasing support to the Programme during the rest of this cycle and the up-coming 1977-1981 cycle. There had been several such expressions of support which indicated that the common desire for a significant growth in real terms for the Programme was not merely wishful thinking or unrealistic optimism. The Administrator specifically thanked the Government of Japan for its 1975 pledge, which showed a continued momentum in its support, and the Government of Sweden for adding substantially to an already very generous contribution.

93. The Administrator recalled that the Council had already been promised full information and analysis of the Programme's delivery. He wished to reaffirm that promise and stated that the various constructive suggestions of what should be contained in that document would be most helpful to the Administration.

94. The Administrator recalled the discussion that had taken place on equitable burden-sharing in contributions. In a Programme based squarely on the principle of voluntary contributions, this was a matter in which the Administrator could only play a role of explorer and persuader. The Administrator said that he did this on a continuous basis, but, as suggested by several members, he would attempt to intensify his efforts and explore various possibilities to the extent he could. He certainly would prepare a table showing the ratio between contributions and GNP.
95. The Administrator referred to the invitation to him by some members to look into the matter of how the Programme could assist in the efforts of UNICEF and UNHCR to make assistance available to the entire population of South Viet-Nam. He would explore this suggestion further and report to the June session bearing in mind all the views expressed in the Council in this regard.

96. The Administrator sensed general agreement on the distribution of resources suggested in document DP/90 and was particularly pleased at the expression of support for a modest increase in allocations to global projects.

97. In reply to references made to UNDP's capacity to deliver an enlarged programme, the Administrator said that he had frankly expressed disappointment with the implementation rate of the past few years, but he had also indicated that the measures UNDP had initiated, including those in consultation with executing agencies, made him confident that UNDP had the necessary capacity to significantly increase its delivery rate without any compromise in quality.

98. The Deputy Administrator (Programme), in reply to other points raised in the Council's discussion of item 15, referred to the need for a decision on inflation adjustment for the 1972-1976 cycle. He referred to the proposal in document DP/87 and Corr.1 on the increase in the standard cost of experts from $30,000 to $36,000 per annum and on the use of the $58.8 million estimated planning surplus to offset the expected deficit in the expert variance account. He appreciated the point that had been made that this approach might not be fully equitable to all concerned but urged acceptance of the proposal as a good practicable one.

99. The Deputy Administrator informed the Council that the Administrator would suggest to the next session some IPFs for new participants in the Programme and a modification of some specific undistributed IPFs covering the remainder of this cycle.

100. The Deputy Administrator recognized that the Council would wish to have further calculations presented to the twentieth session so as to facilitate its decision on over-all resources for 1977-1981 and its further decision in January 1976 on detailed allocations of these resources. He solicited the Council's guidance as to the target rates of growth of resources or over-all levels of resources that might be used in the calculations. There had been reference to the use of 10, 12.5 and 15 per cent growth rates for voluntary contributions, but since the implied growth rate in document DP/26 was above 10 per cent, he wondered whether it would not be better to use the 12.5 and 15 per cent assumptions.

101. The Deputy Administrator referred to the discussion on assessed programme costs and stated that the determination of their role in the 1977-1981 cycle was a policy matter for the Council. He would suggest, however, that their future role could not be decided in terms of achieving perfect equity. The Deputy Administrator noted that there was little difference of opinion on the 1977-1981 allocation of resources but that there had been a question of where to make the percentage cut so as to offset the increased share of global projects from 1 to 2 per cent. He suggested that the Administrator have some flexibility in the matter: that country IPFs might account, for example, for some 82 to 82.5 per cent of the field programme and the Programme Reserve for some 2.5 to 2.7 per cent. Concerning the SIS programme, while the Deputy Administrator did not wish to make any proposal on his own and would be glad to abide by any decision of the Council on this, he stated that it was illogical to have a separate IPF system and also a detailed SIS provision. If the
SIS system was wanted, he considered it would be useful to have it divided among the various Regional Bureaux. The Deputy Administrator said that the Programme Reserve could usefully provide resources to assist in programme evaluation and development. He assured the Council that he would try to supply the information that had been requested but said that sometimes the provision of selective information was not too helpful.

102. During the Council's consideration of its decision on the item, one member stated that he maintained his strong views that it was vital to consider the future of UNDP assistance in real terms. Consequently, he would have preferred to have seen a reflection of this basic position in the decision of the Council, with an explicit call for an over-all growth rate of real resources. He appreciated the position of some other countries and was, therefore, prepared to accept the reference to a future "dynamic growth" of UNDP in the decision as a compromise, on the understanding that dynamic growth in fact meant real growth.

**Decision of the Governing Council**

103. At its 462nd meeting, the Governing Council adopted the following decision:

The Governing Council,

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

1. Takes note of document DP/90 and of the comments made by members of the Council and by the Administrator and expresses its appreciation to the Administrator for having drawn the Council's attention to the substantial consequences of inflation for UNDP activities;

2. Requests the Administrator, having regard to paragraph 1 above, to prepare for the twentieth session:

   (a) illustrative figures for resources for UNDP activities for the period 1977-1981, assuming over-all average growth rates of voluntary contributions of 7.5, 10, 12.5, 15 and 17.5 per cent; and

   (b) proposals for their allocation among different major cost categories taking into account the views expressed in the Council by many members that 2 per cent of the total resources available for field programmes should be allocated to global projects;

3. Requests the Administrator to give special consideration, in his report to the twentieth session to:

   (a) the Programme Reserve,

   (b) global projects, and

   (c) assessed programme costs;

4. Invites the Administrator to consult with Governments with a view to recommending to the twenty-first session, taking into consideration all other relevant factors, an over-all average growth rate of resources that may be assumed for planning purposes for 1977-1981 designed to ensure a dynamic growth to UNDP.
104. For the consideration of item 7 of its agenda, the Governing Council had before it a note by the Administrator (DP/GC/XIX/CRP.1) on action by UNDP in response to General Assembly resolution 3202 (S-VI), and a note by the Administrator (DP/83) on the integration of women in development.

A. ACTION BY UNDP IN RESPONSE TO GENERAL ASSEMBLY RESOLUTION 3202 (S-VI)

105. Introducing the item to the Council, the Deputy Administrator (Programme) confined his remarks to the subject addressed in document DP/GC/XIX/CRP.1. Recalling the relevant decision of the Council at its eighteenth session, the Deputy Administrator stated that action by UNDP was called for mainly in three areas: (a) assistance to countries most seriously affected by the current economic crisis; (b) suggestions regarding structural changes in the United Nations development system which would enable it to contribute more effectively to the establishment of a new international economic order; and (c) UNDP's general contribution to the Programme of Action. He also pointed out that actions taken by UNDP in the present instance were related to actions taken in connexion with the mid-term review and appraisal of the International Development Strategy as well as with preparations for the seventh special session of the General Assembly.

106. Referring to document CRP.1, the Deputy Administrator drew the Council's attention to the Programme's close co-operation with other organizations in the United Nations system within the framework of the Administrative Committee on Co-ordination (ACC). He informed the Council that, in addition, UNDP had already provided the Secretary-General with information and suggestions regarding preparations for the seventh special session as well as with material for the comprehensive report called for under paragraph 4 of General Assembly resolution 3343 (XXIX). The Deputy Administrator also referred to document DP/49 and Corr.1, submitted to the Council at its eighteenth session, and suggested that the detailed review of Programme activities contained therein, together with the present note by the Administrator, could usefully be drawn upon to provide additional inputs to both the seventh special session and the mid-term review and appraisal exercise.

107. Regarding UNDP efforts to assist the most seriously affected countries, the Deputy Administrator said that responses from Governments indicated that, within the context of annual reviews, UNDP programmes of assistance were already being adjusted to meet emerging needs. However, in many instances assistance would be required to identify those needs which were not readily discernible. It was also evident that an important task of the United Nations system could be to assist in the development of alternative strategies for the advancement of individual sectors of the economy as a whole on the basis of implications of the current situation.
108. With respect to the possible need for new dimensions to the kind of assistance provided by UNDP, the Deputy Administrator pointed out that, even in the absence of clearly defined objectives, the Programme had become much more diversified and the scope of its activities had broadened considerably since its inception. He stressed, however, that this diversification had occurred in a piecemeal manner and that some traditional concepts of what could and could not be done were still prevalent, often impeding the further rational evolution of the Programme. While disclaiming any intention on the part of the Administration to take UNDP beyond its traditional function of technical co-operation, the Deputy Administrator suggested that the Programme's mandate might be considered in terms of its relevance to the evolving needs of the developing countries.

109. In this connexion, he invited the Council's attention to such questions as the following: (a) Should not technical co-operation be defined in terms of its objectives rather than in terms of which inputs may or may not be legitimately financed? (b) Since technical assistance and capital assistance could not meaningfully be separated in time, would not the UNDP's role more reasonably and more accurately be described as one of investment support rather than pre-investment assistance? (c) Similarly, should not UNDP often engage in joint financing with other agencies and donors, including the United Nations Capital Development Fund when it became large enough? (d) Should not UNDP have a particular role in areas where the United Nations system was better qualified to assist member countries, e.g. promoting co-operation in the use of major common resources? and (e) Could an agency which aimed at promoting self-reliance restrict its assistance to the financing of foreign inputs only, rather than financing a proportion of the total cost of an activity and monitoring the progress of that activity as a whole?

110. The Deputy Administrator concluded his remarks by earnestly soliciting the comments and guidance of members of the Council not only with respect to the questions raised but also in connexion with the suggestion that members of the Council be represented at the twentieth session at an appropriately high level.

Summary of discussion

111. Council members generally welcomed the Administrator's note and many members expressed particular appreciation for the Deputy Administrator's introductory remarks. Members generally agreed also that this agenda item was one of the most important under consideration at the present session, expressing the view that the Declaration and Programme of Action on the Establishment of a New International Economic Order had given a new impetus to the activities of the United Nations development system and that the UNDP's role in that system should become increasingly more important. Many members stated that the Administrator's prompt and serious response to the resolutions stemming from the sixth special session of the General Assembly was gratifying and that they looked forward with keen interest to his more comprehensive report to be submitted to the Council at its twentieth session in June.

112. Several members, referring to the question of new dimensions for Programme assistance, stated that, although the greatest flexibility in policies and procedures should be sought, the fundamental direction of activities should remain towards technical and pre-investment assistance as provided for in the Consensus. 5/

5/ See General Assembly resolution 2688 (XXV), annex.
One member proposed that the Administrator should report in the document to be submitted to the Council at the next session on the extent to which the Governing Council or other bodies had failed to respect the Consensus in their decisions, and on the impact this would have with regard to the aims and objectives laid down in the Consensus and to the International Development Strategy for the Second United Nations Development Decade. 6/ One member specifically expressed his objection to the extension of UNDP into the field of capital aid.

113. Another member pointed out that, in keeping with the orientation and basic principles set forth in the Declaration and the Programme of Action of the sixth special session of the General Assembly, UNDP should reform the policies and outdated rules and regulations which were unfavourable to the developing countries and no longer suited the current world situation and should formulate new aid policies and procedures truly conducive to the attainment of economic independence of the developing countries. UNDP should help the developing countries build complete projects to meet the actual needs of developing their independent national economies. Aid should not be limited to pre-investment activities and narrowly defined technical assistance. In formulating plans, determining and carrying out projects, UNDP should strictly respect the sovereignty and independence of the recipient countries, refrain from interfering in their internal affairs or imposing its will on them. In selecting experts, procuring equipment, recruiting officials, and in handling all other aid business, the principle of equality among all countries, big or small, must be truly observed. The unreasonable allocation of seats in the Governing Council should be changed as soon as possible.

114. Other members stated that the recent, profound changes in the world-wide economic picture demanded equally far-reaching changes in the scope and character of assistance provided by UNDP. Some members stressed that recipient countries should execute their own development projects and that UNDP should consider paying all local costs in certain instances. One member suggested that the draft statute exercise (see DP/76) offered an opportunity for reorientating the Programme's policies. Many members pointed out that the review of country programming in the context of the advent of the second development cycle would provide a valuable input to any reorientation of the kind and forms of assistance provided by the Programme.

115. The link between effective utilization of resources and UNDP's capability of responding adequately to the requirements of the Programme of Action was pointed out by several members. They emphasized that improvement in project implementation continued to be of paramount importance. In this connexion, some members expressed the hope that in future greater use would be made of experts and other development assistance capabilities available from their countries.

116. Regarding the specific steps taken by the Administrator to meet the needs arising out of the present crisis, Council members generally expressed their approval of the survey being conducted to identify the requirements of the most seriously affected countries. Approval was also expressed for the additional assistance provided to energy-related projects. One member, however, questioned the criteria employed in financing these activities from the Programme Reserve or from undistributed IPFs and requested clarification. Another member stated his

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6/ General Assembly resolution 2626 (XXV).
concern that concrete action seemed to be confined to this field. He pointed out that such other areas as food production, trade, transport and industry were equally important. Several other members suggested that UNDP activities in integrated rural development should be intensified.

117. One member noted that measures designed to bring about changes in the existing structures and institutions within the United Nations system which might affect the relationship between UNDP and the participating and executing agencies would probably be discussed during the seventh special session of the General Assembly. He pointed out that the Governing Council should continue to follow the direction outlined in the Jackson report 7/ and try to further develop that concept, bearing in mind the Bertrand report on "Medium-Term Planning in the United Nations System" (JIU/REP/74/1), which contained interesting aspects in this regard.

118. Some members expressed their approval of the arrangements for decentralization currently being implemented, characterizing them as an effective means of ensuring a prompt and flexible response to emergent needs. One member, referring to the increased responsibility being placed on the Resident Representative, suggested that a thorough Council review of his functions - particularly with respect to the formal identification of the Resident Representative as spokesman for the entire United Nations development system - might be in order.

119. Several members, referring to the reservations made clear by some Governments on the outcome of the sixth special session, voiced their concern that UNDP's over-all response to the Programme of Action might be hampered. Other members, while acknowledging their government's reservations on specific aspects of the Declaration and Programme of Action, stated that these would not impinge on the sphere of UNDP activities.

120. Relating UNDP's objectives to other United Nations interests, some members emphasized the importance of extending détente to all regions of the world and drew the Council's attention to the link between progress towards general and complete disarmament and the reduction of the military budgets of States permanent members of the Security Council, on the one hand, and progress in social and economic development, on the other hand; in that connexion, they stressed the need for prompt implementation of the relevant resolutions adopted at the twenty-eighth and twenty-ninth sessions of the General Assembly. They stressed that all the specialized agencies and UNDP should do their utmost to promote a solution to that problem. In that connexion they also referred to the recently adopted Charter of Economic Rights and Duties of States and suggested that its provisions be taken into account in any reorientation of UNDP activities. One member pointed out that there was no real détente in the present world. Under the smokescreen of "détente" and "disarmament", one super Power was stepping up arms expansion and war preparations in contention with the other super Power for world hegemony and had been aggravating the tension, thus raising serious obstacles for the implementation of the Declaration and the Programme of Action adopted at the sixth special session of the General Assembly. For the implementation of the Declaration and the Programme of Action, UNDP must overcome various obstacles from the super Powers and expose their overt and covert acts of sabotage.

Observations of the Administration

121. Responding to the discussion, the Deputy Administrator (Programme) expressed his appreciation for the views put forth by Council members and stated that their comments and suggestions would be useful guidelines with respect to preparations for the Governing Council's twentieth session. In addition, he said that the discussion would also be helpful with respect to organizing the Programme's contribution to the preparatory work for the seventh special session of the General Assembly.

122. The Deputy Administrator referred to specific comments made during the discussion which linked UNDP's over-all response to the requirements of the Programme of Action with such concerns as project implementation, second cycle country and intercountry programming, and the immediate steps taken to aid the most seriously affected countries. He suggested that in view of these broad interrelationships, separate papers rather than a single report be prepared for the Council's consideration when it took up this item at its twentieth session in June.

123. Acknowledging the validity of the point raised by the member who requested clarification of the criteria for determining whether the costs of emergency energy-related activities were to be met from the Programme Reserve or from undistributed IPFs, the Deputy Administrator stated that there were none and that the decision was simply a matter of discretion. He added his hope that such discretionary decisions would not have to be made in future when the category of undistributed IPFs no longer existed.

124. With regard to the suggestions concerning a Council review of the functional role of the Resident Representatives, the Deputy Administrator drew attention to the significant financial implications which would be attendant upon an enlargement of the Resident Representative's responsibilities to include that of official spokesman or representative of the entire United Nations system.

Decision of the Governing Council

125. At its 454th meeting, the Governing Council adopted the following decision:

The Governing Council

1. Notes document DP/GC/XIX/CRP.1 and the comments made by members of the Council and the Administrator;

2. Invites the Administrator to submit to the fifty-eighth session of the Economic and Social Council a progress report based on document DP/GC/XIX/CRP.1 and the observations of members of the Council;

3. Invites the Administrator to prepare for the twentieth session comprehensive documentation with a view to facilitating the Council's contribution to the preparations for the seventh special session of the General Assembly, taking into account the views and suggestions expressed by members of the Council at the nineteenth session;
4. Notes the desirability for members to be represented at an appropriate high level during the consideration by the Governing Council of this item of its agenda at its twentieth session.

B. THE INTEGRATION OF WOMEN IN DEVELOPMENT

126. Introducing this question, the Assistant Secretary-General for Social Development and Humanitarian Affairs recalled that the United Nations since its inception had been actively promoting the advancement of women to achieve equal rights and opportunities with men and, despite the progress gained, especially in setting forth standards, implementation in practice had been slow almost everywhere. There was, however, an increasing awareness that women as a group had neither benefited from the results derived from development nor participated in it and this included planning and policy-making.

127. Noting the general agreement that development required the participation of all human resources and that everyone should have the right to share in its benefits, and taking into account that half of the world's population consisted of women, she stated that their non-participation must have serious adverse effects on the total development effort and was a waste of human resources.

128. The Assistant Secretary-General called attention to the crucial role of women in population questions, as expressed in the World Population Plan of Action, 8/ as well as in food questions, which was recognized by the recent World Food Conference. 9/ As an example of a regional event, she recalled the programme on the integration of women in development with special reference to population factors, organized by the Centre for Social Development and Humanitarian Affairs in co-operation with the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic Commission for Africa (ECA). The Plan of Action adopted as a result of this event contained provisions for training in various fields, from home economics and nutrition to farming, marketing and industries, and national planning, provisions for research and the development of village technology as well as information and communications network. She noted that the Plan could be adapted to the needs of every developing region and could also be a model for the implementation machinery to be included in the World Plan of Action which was expected to be adopted at the World Conference of the International Women's Year.

129. She observed that this was also a period when each of the organizations and programmes in the United Nations system should study its own system with respect to the extent women had benefited from their programmes and participated in them. In this respect, she continued, UNDP and its Resident Representatives should play a key role.

130. She noted with great satisfaction the recommendations contained in the Administrator's report, which reflected a new approach to the integration of women in development and treated it as a matter of urgency. She expressed the hope that

8/ See E/5585 (will also be circulated under the symbol E/CONF.60/19), chap. I.
9/ See E/5587 (will also be circulated under the symbol E/CONF.65/20), chap. V, resolution VIII.
the Governments concerned would follow suit in the framework of their technical assistance requests and that the question of the integration of women in development would be an intrinsic element in their social and economic policies. Furthermore, she stated, the participation of women in the planning and decision-making process at the national, regional and international level would ensure the question being accorded the priority it deserved.

131. The Senior Officer, UNDP Programme Policy Division, in her introductory remarks on the integration of women in development, made some observations on the nature of the problem and on the wider significance of the family in the development process. Mentioning that the family was the unit planned for in the development of rural areas, since it was the basic productive unit, she stated that the family concept had a much wider social and political application and that it could, among other things, be used to illustrate what the problem of women's integration in development, and in public affairs in general, was all about. It was her view that the family model should be revived and reintegrated into current thinking of social and political problems. Though some sociological literature talked about the disappearance of the family, she believed that no society could abolish the family without also destroying itself in the process. What was happening, she continued, was that the forms and functions of family life were changing; an increasing number of functions that used to belong to the private family were being transferred to the outside world, without full realization of what was being done and, consequently, without any real attempt to transfer the family atmosphere with the transfer of functions. As a result, the change was giving rise to alienation, anxiety and violence.

132. She observed that problems of human society and human management were more or less treated like those of mechanical engineering. That situation was not new, but its dimensions were new and frightening. It would, she contended, also seem basic to an understanding of why women should have an equal voice with men in public affairs and she suggested that because men and women were different and because both were needed to run a family, women must be given an equal role in the management of society. It followed that if the female role was basic to the quality of private family life, the public family performing an increasing number of these functions that used to be performed by the private family could not function without the assistance of female management.

133. Summing up, she expressed doubts that the human family of the United Nations could ever become a reality without the equal and active participation of women in the affairs of the public families on which there was increasing dependence. What she had in mind was a new model for the ordering of public affairs, and in this matter it was an advantage that men and women were different. That women in public life had tended to be viewed as female incarnations of men was the reason that the movement for female emancipation moved so slowly.

134. In conclusion, the Senior Officer described development as essentially consisting of two main components: technology and new forms of political and social organization. The former was a matter of specialization and division of labour, the latter concerned the capacity for effective collaboration within large-size societies. Without collaboration, constructive use could not be made of technology and, as part of this process, constructive use of the most fundamental division of labour of all, that between men and women, had been altogether forgotten.
Summary of discussion

135. Members of the Governing Council expressed appreciation for the statement of the Assistant Secretary-General for Social Development and Humanitarian Affairs and the introductory remarks of the Senior Officer, Programme Policy Division, on the preliminary report on the integration of women in development.

136. Discrimination against women as practised in developing and developed countries and its effects on the development process were treated by many members of the Council. They viewed the situation as a continuing waste of valuable human resources and referred to the need for a fundamental change in attitude. The magnitude of the problems to be overcome in reaching the goal of equality was underscored. One member cautioned that in view of their magnitude, some priorities must be set to avoid costly mistakes. Another member noted that these problems, although common to all societies, took on different forms from one society to another, each to be viewed in its proper context, and each requiring specific solutions which could not be determined by foreign models or conditions in other parts of the world. Similarly, the criteria for data-gathering in developing countries was not the same as those applied in the developed world. In that connexion, the member drew attention to the fourth issue of the UNDP bulletin, Commitment, 1974, and, in referring to its use of statistics, in particular those relating to marriage, stated that a case of a common law union fell outside the scope of the data-gathering procedures adapted to the developed countries. He expressed his delegation's concern regarding the coverage of information on his country, where attention was focused on dispelling certain myths from an anecdotal point of view and the fundamental issues were pushed into the background. There was, he concluded, a need for a fundamental revision of the approaches and criteria applied in relation to women.

137. Concern was shared by several members that integration should be carried out without prejudicing either the family as a social unit or the existing ways of life. One member noted that it was necessary to ensure that women did not neglect their essential functions within the family. Another member, while emphasizing that the role of women as the giver of life was not secondary and should not be to her detriment, said that women should also be able to participate in all areas of the development process.

138. A number of members stated that unless the necessary social changes were effected, attempts to integrate women in development were likely to prove futile. In this context, one member indicated that the nature of the problem was economic in origin, resulting from the division of society into classes. One member stressed that in the absence of the basic prerequisite of attaining national liberation and independence there could be no talk about the elimination of discrimination against women and the realization of equality between men and women, still less the integration of women in development. As a first step, the member continued, oppressed nations and peoples should first call on the women to join the men in waging common struggles against colonialism, imperialism and hegemony to win and safeguard national independence, State sovereignty, economic rights and interests, democracy and women's emancipation.

139. That it was essential to transform the inequitable economic, political and social structures which had impeded women's progress was emphasized by several members. One member raised the caveat that the subject should not be treated as if nothing as yet had been achieved. Considerable progress had been made in that
direction and all members agreed that the attainment of national development goals depended in large measure on the participation of both men and women in the development process.

140. Several members counselled that intensified actions to integrate women in the development process and to strengthen the position of women in society should not be viewed in isolation from the general policy of development aiming at social and economic progress for all citizens. Separatist or reverse segregationist programmes were discounted by several members; a better distribution of tasks was suggested as a goal by another.

141. Commenting further, one member noted that the desire to promote the status of women, like the desire to bring about a new international economic order, was derived from the same universal concern for a better distribution of opportunities for development and could not be solved merely by expertise. As the questions were very broad in scope, UNDP could clearly only play a very small role. Several members added that neither the United Nations nor UNDP would be able to achieve significant results if the problem was not solved fully and successfully within each country. Solutions and approaches to problems should come mainly from the beneficiary countries themselves, and in this regard the attitude of UNDP to initiatives made by beneficiary countries was crucially important. A member suggested, therefore, that particular attention should be given to promoting the role of women within the administration of UNDP itself.

142. In this connexion, many members, taking note of the low percentage of women professionals in UNDP, expressed approval of the Administrator's commitment to provide equal opportunity for women in UNDP and his intention to increase the number of qualified women in UNDP.

143. Turning their attention to the report (DP/83), members of the Council expressed general approval of its contents. In the ensuing discussion, one member commented that the analysis contained practically no account of the social factor and added that the social structure of a society was the deciding factor in the status of women in it. Another member, recalling that one aim of the International Women's Year was to strengthen the process of promoting awareness of the need for the integration of women in society as a whole, stated that this general aspect had been given too little attention.

144. Many members of the Council approved the recommendations for action contained in the report and supported in particular the Administrator's plans to scrutinize existing and proposed programmes and projects in rural development with a view to extending their sphere of activities to include women wherever this was indicated. The establishment of an internal working group responsible for promoting women's integration in development and instructions to Resident Representatives to initiate periodic programme reviews with a view to suggesting special efforts being made in certain key sectors was also supported. One member urged that these efforts be extended to all sectors. Every effort should be made to ensure that women were more closely associated with the Programme's projects both in rural and urban areas. Several members suggested that all projects, where possible, should include a woman component. One member stressed that UNDP should also encourage the placement of a greatly increased number of qualified women in expert positions in UNDP projects. It was further suggested by one member that UNDP programmes should be complemented by a broadly based analysis of UNDP activities with the aim
of identifying all areas where the role of women might be strengthened. An annual report by the Administrator describing actual steps taken to bring women into closer association with UNDP projects was recommended by another member. Similarly, periodic reporting on the subject was supported by several members.

145. There was general agreement that women should share in the formulation, planning and implementation of development projects. One member added that it was unlikely that women would be fully integrated without being actually involved in policy formulation. Short and long-term measures by UNDP to achieve the fullest integration of women in development were supported by several members. Other members, however, while noting that special programmes for women might be necessary in the short term, suggested they might in some cases tend to perpetuate traditional sexist attitudes.

146. Many members of the Council stressed the need for education and training programmes on all levels for women and girls. Literacy programmes and training in new agricultural methods, purchasing and sales techniques, etc., were recommended. One member stated that, in order to embark on rural development together with agrarian reform, it was necessary to undertake far-reaching educational reforms, since it was not possible to speak of training women in methods of modern technique when the ignorance of the people made development impossible. Several members recommended that increased weight be given to fellowships for women and to including their participation in delegations, not only in forums concerned specifically with women's programmes, but also those treating economic matters.

147. Several suggestions were put forward concerning the booklet to be prepared by UNDP on the integration of women in development. A more comprehensive treatment of the subject was recommended by several members. One member urged that the general aspect, the need for the integration of women in society as a whole, be promoted. Another member suggested that the booklet should not treat integration in development as if this was the only problem. Several members urged that the experience of nations which had dealt more successfully with the problem should be taken into account.

148. Several members offered additional recommendations for action: a questionnaire directed to Governments asking for information as to what measures they had taken to improve the status of women; inputs into the International Women's Year; and provision for appropriate consideration of the impact of UNDP development activities on women in the guidelines for UNDP's second programming cycle with a view to increasing the relevance of country programmes in this regard. One member referred to the World Population Plan of Action adopted by the World Population Conference at Bucharest in August 1974, which correlated population factors and the status of women with the development process and suggested that the correlation be kept in focus in the implementation of UNDP and UNFPA policies and programmes to integrate women in the development process.

149. Finally, many members of the Council noted the intention of the Administrator to present a more comprehensive report on women's integration in development at the twentieth session of the Governing Council. The hope was expressed by one member that the forthcoming report would provide data as a basis for action. One member requested that all UNDP actions in this regard, including actions taken in response to Economic and Social Council resolutions 1849 (LVI), 1855 (LVI), 1857 (LVI), 1858 (LVI), and 1862 (LVI) as well as General Assembly resolutions 3342 (XXIX) and 3352 (XXIX) be included in this report.
150. Following the discussion, the Senior Officer, Programme Policy Division, said that the Administration was gratified by the Council's positive response to its proposals on the further integration of women in development. She noted that comments and suggestions made in the discussion would be conveyed to the agencies and Resident Representatives and would be borne in mind in the preparation of the booklet referred to in the report (DP/83). She further stated that the booklet should help to spread and enhance understanding of women's role in development, which was highly complex and varied from country to country. She agreed that there was no single blueprint for solving all the problems and that it would be dangerous to think in terms of special women's projects on a permanent basis. However, she added, some special projects would be necessary on a short-term basis. She agreed that the statistics cited in the fourth issue of the UNDP bulletin Commitment of 1974, in particular the percentages given for economically active women employed in agriculture in Latin America as well as those for general employment were misleading. The statistics used had been those submitted by Governments to the United Nations Statistical Office. She observed that the Latin American system of data collection omitted all unpaid family workers and added that the number of women working in the agriculture sector probably was as high as in other developing areas of the world, while the number employed outside agriculture tended to be higher.

Decision of the Governing Council

151. At its 462nd meeting, the Governing Council adopted the following decision:

The Governing Council,

Recalling that in its resolutions 3010 (XVII) and 3275 (XXIX), the General Assembly proclaimed the goals of International Women's Year 1975 (a) to promote equality between men and women; (b) to ensure the full integration of women in the total development effort, especially by emphasizing women's responsibility and their important role in economic, social and cultural development at the national, regional and international levels, particularly during the Second United Nations Development Decade; (c) to recognize the importance of women's increasing contribution to the development of friendly relations and co-operation among States and to the strengthening of world peace,

Noting that in its resolution 3342 (XXIX), the General Assembly called upon the United Nations system to provide increased assistance to those programmes, projects and activities which will encourage and promote the further integration of women into national, regional and interregional economic development activities,

Recalling the World Population Plan of Action by which the World Population Conference recognized as a development goal the full integration of women into the development process, and the removal of obstacles to their greater participation in opportunities for productive employment,

Recalling further the Universal Declaration on the Eradication of Hunger and Malnutrition 10/ by which the World Food Conference solemnly proclaimed that it is

10/ Ibid., chap. IV.
necessary to recognize the key role of women in agricultural production and rural economy in many countries, and to ensure that appropriate education, extension programmes and financial facilities are made available on equal terms with men,

_Bearing in mind _resolution 3352 (XXIX) by which the General Assembly requested the United Nations system, _inter alia_, to take all necessary measures to ensure that an equitable balance between men and women staff members be achieved before the end of the Second United Nations Development Decade,

_Considering_ that the concept of development inspiring the action of Governments and of relevant international organizations should in general give more importance to the needs, competence and aspirations of women,

_Bearing in mind_ the comments made by members of the Governing Council during the discussion,

_Endorsing_ the actions so far undertaken by the Administrator in this field, emphasizing the importance of the integration of women as equal partners with men,

1. **Requests** that the integration of women in development should be a continuing consideration in the formulation, design and implementation of UNDP projects and programmes;

2. **Invites** Governments to take the appropriate decisions in order to ensure the participation of women in the planning process, in decision-making, and in the implementation of development projects;

3. **Requests** the UNDP Administrator to instruct Resident Representatives to communicate the present decision of the Governing Council to the Governments of the respective host countries as well as to executing agencies, requesting them to support the objectives of International Women's Year by duly taking into account the Governing Council's decision;

4. **Further requests** the UNDP Administrator to assist Governments to achieve the above-mentioned objectives;

5. **Stresses** the importance of women's participation in planning and implementing UNDP country programmes as well as regional, interregional and global projects so that the above considerations could be properly applied;

6. **Requests** the Administrator to report on all UNDP actions on the integration of women in development, taking into consideration the experience of countries with different social and economic systems, including:

   (a) Planning, formulation, implementation and evaluation of UNDP projects and programmes,

   (b) Response to relevant Economic and Social Council and General Assembly resolutions on this subject; and

7. **Invites** the Administrator to continue the action he had undertaken to increase the number of women in decision-making posts within the UNDP Administration.
152. For the consideration of item 9 of its agenda, the Governing Council had before it the report of the Administrator (DP/84).

153. Introducing the report, the Deputy Administrator (Programme) stated that, following the eighteenth session of the Council, a thorough scrutiny had been undertaken at UNDP of all the recommendations contained in the report of the Working Group on Technical Co-operation among Developing Countries (DP/69). Special attention was given to the discussions on this subject held during the twenty-ninth session of the General Assembly and to the adoption by consensus of a comprehensive resolution (3251 (XXIX)). In pursuance of the mandate given to UNDP by the General Assembly, the Administrator had indicated to the Secretary-General the readiness of the UNDP to prepare a comprehensive report for the Preparatory Committee of the seventh special session of the General Assembly.

154. The Deputy Administrator indicated that the actions initiated by UNDP fell under two broad categories. Firstly, those designed to assist Governments in initiating and participating more effectively in various schemes of technical co-operation among themselves. Secondly, UNDP was adopting measures to promote and co-ordinate such activities within the United Nations development system. The Deputy Administrator gave specific examples of each of these activities and indicated the importance of identifying and promoting projects at the national, regional and interregional levels. He further stated that UNDP was prepared to make intensive and systematic efforts to reorient the intercountry programmes so as to move towards and, if possible, attain the goals recommended by the Working Group.

155. Concerning the information system recommended by the Working Group, the Deputy Administrator outlined its primary objectives and described the evaluation that was being undertaken in a select number of countries in order to design and organize an efficient and manageable system. The Deputy Administrator also referred to the special unit under his direct supervision, that had been established as recommended by the Working Group. He emphasized the catalytic role it would have to play and assured the Council that the resources of the Regional Bureaux and other central services would be fully utilized. The Deputy Administrator stressed the importance that the efforts, imagination and political will of the developing countries would have in the success of this venture.

Summary of discussion

156. In the course of the discussion, most of the members of the Council expressed satisfaction with the progress report submitted by the Administrator (DP/84). They also expressed their appreciation for the introductory statement by the Deputy Administrator.
157. It was generally agreed that with the adoption of the report of the Working Group by the General Assembly, and bearing in mind the decision taken by the Council at its eighteenth session, \textit{ii/} the conceptual and legislative foundations for technical co-operation among developing countries (TCDC) had been properly laid down. It was suggested that instead of concentrating on such matters, the Administration should now undertake all the appropriate measures to implement the recommendations in as comprehensive a manner as possible and with deliberate speed. Some of the members stressed that pragmatic and action-oriented activities were expected now from the Administration in this field. A number of members were looking forward to the identification by UNDP of specific TCDC projects at the regional and interregional levels.

158. The importance of TCDC for enhancing mutual co-operation and for sharing capacities, knowledge and experience among developing countries to permit them to end their technological and economic dependence, and to strive for self-reliance, was stated by several members. A number of members recalled that in a number of international conferences and meetings TCDC had been considered as an important instrument for furthering international economic co-operation and regional and interregional integration. In particular, the fourth summit Conference of non-aligned countries held in Algiers was mentioned. Many members considered TCDC as an important component of the new international economic order called for by the sixth special session of the General Assembly.

159. Many members from developing countries reiterated their interest in TCDC and indicated that their Governments had accumulated knowledge and experience which they were prepared to share with other developing countries through technical co-operation. Some members from developing countries informed the Council that their Governments had organized, or were in the process of organizing, focal points for TCDC. They also made reference to existing projects involving technical co-operation with other developing countries on a bilateral and multilateral basis. Some members expressed the wish of their Governments to use the co-ordinating services of the special unit for establishing technical co-operation programmes with other developing countries.

160. The actions already taken by the Administration, and particularly the establishment of the special unit under the direction of the Deputy Administration, were welcomed by many members. Satisfaction was also expressed with the plans announced for designing and organizing an information system to promote TCDC. A number of members referred to the intergovernmental symposium preceded by regional meetings to be considered at the next session of the Council, at which time they expected a full report from the Administration. Many members made important suggestions concerning the organization of the information system and of the intergovernmental symposium for the consideration of the Administration.

161. A few members expressed the view that the Administration should adopt a cautious and step-by-step approach in the implementation of some of the recommendations of the Working Group. A number of members indicated that in their view TCDC should be integrated within the over-all UNDP activities.

162. Some members from developed countries expressed their willingness to encourage and support, technically and financially, specific projects involving TCDC.

163. Several suggestions were made concerning the financing of the symposium — e.g., that it be financed from voluntary contributions, from intercountry or regional IPFs — and one member expressed the hope that expenditure to be incurred by UNDP for the symposium would be kept to the minimum. Another member expressed the view that the regional meetings should be financed by the regional economic commissions.

Decision of the Governing Council

164. At its 454th meeting, the Governing Council noted the report of the Administrator (DP/84) and looked forward to his further progress report on action taken as well as to his recommendations regarding the regional meetings and the intergovernmental symposium to be convened in response to paragraph 4 of General Assembly resolution 3251 (XXIX).
165. Under item 6 of its agenda, the Governing Council had before it a report (DP/86) in which the Administrator presented it with information on the background of the UNDP Standard Basic Assistance Agreement with Governments and on signatures of that Agreement. Updating the information in the report, the Assistant Administrator, Bureau of Administration and Finance, in his introductory statement on the item, informed the Council that 17 Governments had signed the Agreement as of the end of 1974, while five more were on the brink of signing it and over 40 other Governments were reviewing it, posing a probability that up to one half of the interested Governments would either have signed it or be at the point of doing so by the end of the current year.

166. In introducing the item to the Council, the Assistant Administrator recalled that the practice of concluding standard agreements with Governments reached back to the inception of the predecessor programmes of UNDP more than 20 years ago. The present text reflected recent decisions of the Governing Council and the General Assembly, in particular UNDP's new structure and the 1970 Consensus, and incorporated rules, procedures and policies which had grown up over time. As such, it provided in a single instrument a carefully structured outline of how UNDP would operate within a country, enabled the parties to know in advance the exact legal parameters of UNDP assistance within the country, and was a convenient and advantageous administrative tool which made possible the determination of the answers to most questions relating to UNDP activities by reference to one instrument only. The Agreement sought to cover most foreseeable questions; it was therefore wide-ranging and covered such diverse matters as forms of assistance, conditions of project execution, privileges and immunities and arbitration.

167. In keeping with the principle of equality among Governments, the various executive heads of UNDP and its predecessor programmes had always tried to keep as close as possible to a standard text, not always an easy task in view of differing concerns and points of emphasis among different countries. Discussions were freely held with Governments which wished to explore various possibilities to meet particular situations. Typical of such discussions were those being held by the Governments of Cuba and representatives of the Administrator and which would no doubt result in mutually satisfactory solutions in view of the constructive spirit of the parties. The Administrator considered the Agreement a living instrument which should be responsive to the needs of the parties. At the same time, he felt the standard text should be maintained in the absence of overriding reasons to depart from it, for only in this way could any Government signing an agreement with UNDP be assured of signing essentially the same text as any other Government doing so at the same time.

168. The Administrator had discerned a growth of interest in the subject among members of the Governing Council. He welcomed such a development and was now anxious to benefit from the views of members, whatever their status in UNDP. The text of the Agreement had always been available to Governments through Resident
Representatives, but the Administrator now proposed, subject to the agreement of the Governing Council, to circulate its full text to the Council itself within the next few weeks, together with a brief commentary on some of its more complex provisions. This would provide a basis for further discussion of the item at the twentieth session, at which time members could express views on it in greater depth.

Summary of discussion

169. Members of the Council who participated in the ensuing discussion were in agreement that the subject was an important one which warranted the Council's attention in view of its primary responsibility to maintain high esteem for UNDP assistance. They therefore welcomed the suggestion of the Assistant Administrator for a discussion at the next session of the Council on the basis of another report. It was not a question of a specific agreement with a particular Government but of broad UNDP policy and the philosophy of multilateral assistance. The view was advanced that the Council would have profited from presentation of the text of the Agreement to the present session so that it would have expressed itself on the subject at this session. One member cited provisions which in its opinion should be modified and in any case deserved examination by the Council, including those on patent rights, the possibility of a qualified national being appointed an international project manager in his own country, and the channel of submission of requests for assistance. The member felt, as regards patent rights, that the recipient Government and UNDP should share in the ownership of such rights. Another member stressed that the Agreement should conform to the Consensus and ensure full respect for national sovereignty in regard to the final allocation of assistance, and that Governments must be in a position to decide the fields in which assistance was most urgently needed.

170. The view was expressed that the Administrator should not hasten to conclude additional Agreements until the Council had had an opportunity to review the Agreement. One member voiced the hope that the conclusion of such Agreements would not be held up solely because of the forthcoming review.

171. One member informed the Council that his country was in the final stages of negotiation of the Agreement and expected to sign it in the near future.

Observations of the Administration

172. In his response to the discussion, the Assistant Administrator, Bureau of Administration and Finance stressed that the Administrator was ready and anxious to respond to the Council's wish to review any matter of general interest. Such interest evidently applied to the matter of the Agreement, and he would therefore provide the necessary documentation to enable more extensive review at the next session of the Council. However, the necessity of continuing with the day-to-day activities of the Programme in the various countries concerned required that UNDP continue discussing the Agreement with interested Governments and proceed to signature if a Government so desired. If any substantial changes were agreed upon by the Council in its review, any Government which had signed would have an opportunity, if so desired, to conclude amendments to its Agreement with UNDP.
173. At its 455th meeting, the Governing Council, in the light of the discussion and the statements of the Assistant Administrator, decided to consider this matter at its twentieth session on the basis of the documentation requested during the discussion.
174. Under item 8 of its agenda, the Governing Council had before it a progress report by the Administrator (DP/85) on developments with regard to the Fund since the eighteenth session, as well as a memorandum on the creation of capabilities and expertise in natural resources exploration (DP/92).

175. Introducing the item, the Director for Investment Follow-up, acting as the Senior Official of the Fund, reviewed developments that had occurred since the preparation of document DP/85 in November 1974. The Administrator, working in close co-operation with the United Nations Centre for Natural Resources, Energy and Transport, had continued his invitations to countries eligible for making use of the Fund to express their views. By the middle of January 1975, some 50 reactions had been received of which some 40 expressed positive interest in the Fund. These had been addressed mainly to Resident Representatives by national mining authorities, ministries of foreign affairs or planning ministries of the countries concerned. Twelve countries had already indicated potential projects. Many of them needed further analysis, preliminary consultancy services or the completion of an ongoing UNDP project before their eligibility for Fund financing could be judged. Six countries had put forward more than 30 proposals for urgent consideration and in his preliminary review of such projects the Administrator was concentrating on one project per country only. One case had progressed to the stage where a detailed draft agreement had been negotiated, which the Government was eager to finalize.

176. There were reasons to be more optimistic about the acceptability to recipient countries of the conditions of the Fund and of its usefulness as an institution fulfilling their priority needs while ensuring the revolving nature of the Fund's operations. If the Council authorized the Administrator to proceed, and additional contributions to the Fund were forthcoming in the near future, the Administrator hoped to be able to provide further information, including his conclusions, with a view to enabling the Council at its twentieth session to take a final decision on the Fund's operational procedures and administrative arrangements.

Summary of discussion

177. Council members generally welcomed the information provided in document DP/85, and in particular the additional data provided orally, as indicating substantial interest on the part of the developing countries in the Fund. They endorsed the Administrator's view that it would be desirable to collect more experience through further contacts with eligible countries and negotiations on specific projects in order to enable the Council to take a final decision at its twentieth session on the Secretary-General's proposals presented in document DP/53.
178. One member felt that the Council could have given its final approval of document DP/53 during the present session in compliance with the understanding reached at the last session, 12/ but was nevertheless prepared to accept postponement till the twentieth session, in the expectation that the Administrator would provide the next session with additional concrete information as well as his considered conclusions based on the experience gained, and, meanwhile, the Council would authorize the Administrator to continue negotiations and conclude agreements to be presented to the twentieth session for the Council's approval; a draft decision had been presented by several members to this effect. He welcomed the Administrator's announcement in his opening statement to the session that he was appointing a Director for the Fund. In view of the positive developments reported by the Administrator, his Government was prepared to pledge an additional contribution of $3.5 million to the Fund's resources, subject to parliamentary approval. He expressed the hope that other Governments would make significant contributions to the Fund so that its operations could proceed continuously and on a substantial scale. The announcement of this additional contribution, which would bring the Fund's resources to some $5.4 million, was welcomed by other members.

179. Several members, while supporting the proposal that the Administrator be authorized to continue negotiations with interested Governments, recalled certain points they had put forward during the eighteenth session and asked the Administrator to keep these in mind while conducting his negotiations. One such suggestion was the setting of a ceiling for total replenishment contributions. In that connexion, one member remarked that the guidelines in document DP/53 did not seem to respond fully to Economic and Social Council resolution 1762 (LIV) and that replenishment contributions might be very large in certain cases.

180. Other members, while fully supporting the Fund, recalled their disappointment that the Fund was not giving priority attention to exploration for sources of energy, apparently because the costs involved would be well beyond the means of the Fund. One of these members also expressed regret that the Fund would not be used for the development of water resources, because returns would be too low to allow meaningful replenishment contributions. Those and other members also remarked that the Fund's activities should be conducted with full recognition of a country's sovereignty over its natural resources. One member mentioned that exploration results obtained through a Fund project should not be sold to other interests without the authorization of the Government.

181. One member recalled that it had participated actively in the discussion during the eighteenth session because it had concluded that a Fund which would ultimately be able to revolve through contributions on the basis of the principle of mutual self-reliance justified departure from his delegation's traditional opposition to the proliferation of special funds. Against this background, clear lines of control and responsibility and the application of standards of technical and economic viability were required. In his view, some elements of document DP/53 remained questionable, for instance the possibility of engaging in research and the danger inherent in renegotiations or special considerations in the establishment of replenishment obligations. He repeated that his delegation was not in favour of a ceiling for replenishment contributions. Noting the positive responses by many developing countries as reported by the Administrator, his delegation would carefully consider the report of the Administrator to the next session as well as the positions of other members.

12/ Ibid., para. 257.
182. Some members expressed full support for increased United Nations assistance to mineral exploration, but they were not yet convinced that this purpose could not adequately be served under normal UNDP activities. They noted further that new special funds should fit into and not disrupt the existing fabric of multilateral development efforts, particularly UNDP. They looked forward, however, to the further information to be given at the next session.

183. One member expressed sympathy with the wish of developing countries to promote the exploration and use of their natural resources. As with any other assistance, he stated, it should be given in accordance with the principle of strict respect for the sovereignty and equality of the recipient nations, without interference in their internal affairs and without exploitation of their national resources through usury or plunder. Continuing, he noted that some of the provisions of the Fund did not correctly reflect the principles of Economic and Social Council resolution 1762 (LIV), nor were they in accord with the basic principles of the Charter of the United Nations and the Declaration on the Establishment of a New International Economic Order. His delegation could also not agree to the co-operation of the World Bank with the Fund.

184. Another member, while recognizing the wish of many developing countries to receive assistance for the exploration of their natural resources, warned that the major beneficiaries might turn out to be the developed countries. The mutual benefits to be gained by developing countries seemed overstressed in document DP/53. He expressed reservations on the replenishment feature, considering that such contributions should be limited to a small percentage only of the exploration costs. He also expressed disagreement with some powers entrusted to the Fund which were incompatible with the principle of national sovereignty.

185. Several members emphasized that the Fund could fulfil a priority need and confirmed that their Governments had brought projects to the Administrator's attention which were currently under consideration by him. One member said that during any project negotiations that might follow, certain remarks on the conditions of the Fund would probably be brought forward, which the Administrator could then take into account in his next report. He was gratified by the progress made in such a short span of time, which indicated the vitality of the Fund, and felt that the Fund would become fully operational in the very near future. Another member stressed that the Fund should not be delayed in becoming operational and that its conditions could be refined during the twentieth session on the basis of experience. They encouraged the Administrator to start operations. The official project documents to be presented to the next session would form the basis for the final discussion of the operational guidelines.

186. One member, speaking on the original draft resolution submitted, felt that the Administrator, while being authorized to proceed with negotiations, should furnish all countries with model copies of a standard agreement in order to allow them to comment on it before the next session. Without that action, he feared the Council would encounter difficulties in approving the negotiated agreements which the Administrator was expected to present to the twentieth session. He was supported on that point by several members. He also raised the thought that the implementation of the Fund might be facilitated by calling a conference of mining experts to exchange ideas on the modalities of the Fund as laid down in document DP/53. He added that his observations should not be interpreted as an attempt to stall progress on the matter.
187. Several members, one of which had pledged a contribution to the Fund, felt that a dynamic approach, as noted in the introductory statement, was the main thing for the present. Those members also stressed the usefulness of mobilizing and expanding available local expertise through UNDP activities and of making use of such expertise in Fund projects where appropriate. They noted that activities under the IPF and under the Fund, though not mutually exclusive, were closely interrelated; in particular, the geological survey capabilities of countries should be strengthened parallel with activities undertaken by the Fund.

188. One member elaborated on the same theme of strengthening the developing countries’ own capabilities by actions such as those described in document DP/92. He was gratified by the increased co-operation with UNDP in this vital field. Remarking that nature had generally been generous to developing countries, he stressed that existing training institutions which were also training students from other developing countries, as well as research institutes, would increase national capabilities to discover and exploit such resources. Document DP/92 showed that UNDP was moving in the right direction and would thus promote the aims of the Revolving Fund.

Observations of the Administration

189. In responding to the debate, the Director, Investment Follow-up Division, said that the discussion had given the Administration a clearer picture of the different members’ views and those would be kept in mind during further discussions with the authorities of countries where potential Fund projects were being considered. The Administrator might also, as had been suggested, have other contacts with experts in the field of mineral resource exploration, who could thus become familiar with and give their views on any issues arising from putting the guidelines of document DP/53 to the test. Those discussions, though based upon document DP/53, would be conducted with sufficient flexibility to take account of differences among the projects considered and to leave room for refinements or modifications of the guidelines. He recalled that the Deputy Administrator (Programme) had pointed out at the eighteenth session that all agreements negotiated would include a clause stipulating that if certain conditions were changed when the Council finalized the guidelines, those changes would be applicable to such agreements if the country concerned so wished.

190. Following the decision taken by the Governing Council (see paragraph 191), one member suggested, on behalf of those who participated in the consultations which had taken place among members, that a working group be established to consider the question at the next session.

Decision of the Governing Council

191. At its 463rd meeting, the Governing Council adopted the following decision:

The Governing Council,

Recalling its decision at the eighteenth session concerning the United Nations Revolving Fund for Natural Resources Exploration, 13/

13/ Ibid.

-50-
1. Takes note of the progress report of the Administrator (DP/85) and his statement;

2. Authorizes the Administrator to continue to undertake project negotiations on the basis of the provisional operational procedures and administrative arrangements of the Fund as contained in the report of the Secretary-General (DP/53), and requests him to report thereon to the Council at its twentieth session;

3. Requests the Administrator to furnish to Governments as soon as possible copies of a model agreement for their study and comments before the twentieth session of the Council and also to submit to that session the principal terms of each provisional agreement negotiated by him in accordance with paragraph 2 above, in the form of a project summary;

4. Requests the Administrator to submit to the Council at its twentieth session further information on the activities of the Fund, together with his comments, which would enable it to finalize in the light of the experience gained the operational procedures and administrative arrangements of the Fund after the necessary refinements and modifications;

5. Agrees to consider as a separate item of the agenda, after an agreement in the form of a decision on the operational procedures and administrative arrangements, projects submitted by the Administrator for possible approval;

6. Invites the Administrator, when implementing projects financed under the Fund, as authorized by the Council, to explore, in agreement with the developing countries concerned, possibilities of utilizing, as appropriate, the capabilities and expertise in natural resources exploration which they possess;

7. Invites all Members of the United Nations as well as those of the specialized agencies to make voluntary contributions to the Fund;

8. Requests the Administrator, in co-operation with the Secretary-General, to intensify his efforts to raise financial resources for the Fund, and to submit a progress report on fund raising to the Council at its twentieth session, together with the report as requested in paragraphs 2 and 4 above.
CHAPTER IX

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

192. Introducing the Administrator's report on item 11 (DP/88), the Assistant Administrator and Director of the Regional Bureau for Africa summarized the many questions raised in the context of drought into four basic groups, and then proceeded to give the Council his views on these matters.

193. With regard to the question "What causes drought, and can it be forecast?" the Assistant Administrator indicated that, whereas it was simply insufficient or badly distributed rainfalls which caused a drought, the underlying climatic variations could not be scientifically explained in a simple manner. The report endeavoured to sum up what was known on that subject.

194. Scientific studies had shown that droughts occurred at least once in a generation as an average. There had thus been 22 droughts in the Sahel since the sixteenth century. It also appeared possible to forecast the rainfall for one agricultural season on the basis of pluviometric measurements during the month of June.

195. The Assistant Administrator then answered negatively to the question of whether it was possible to provide against drought. However, certain measures could be taken to minimize its effect. In the long term, they included rendering the economies of drought-threatened countries less dependent on the rains, thus less vulnerable to the droughts. Long- and medium-term actions should include water control, management of the crop farming and grazing areas and the development of basic transport and communications infrastructure.

196. The Assistant Administrator updated the information given in the report, particularly with respect to the latest developments in Somalia and the Cape Verde Islands. Both of them were presently suffering from drought to such an extent that they should be included in the list of seriously affected countries (DP/88, para. 52). In the Sahel, certain countries had suffered the consequences of floods and of plant pests following the return of the rains. Those rains had however, also produced harvests that in one country had been officially classified as the best in 30 years, and in the others had led to a reduction in the demand for foreign food-grain aid. He concluded that the lean years were not yet over and that drought was not an epidemic from which one recovered rapidly.

197. Concerning UNDP activities on the national level in the drought-stricken countries, the Assistant Administrator informed the Council that one of the measures taken had been to reinforce on-going or already planned operations. Furthermore, the $5 million allocation authorized by the Council during its June 1973 session to be utilized in the CILSS countries, had been spent on specifically drought 'relief' oriented projects.

198. He referred briefly to the many activities undertaken by UNDP on the regional
and global level in co-operation with such regional and global organizations such as Senegal River Organization (OMVS), the Lake Chad Basin Commission, the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS), and international research institutes such as ICRISAT. He also mentioned that the CILSS has requested UNDP financing of a study concerning the creation of a special institute for the Sahel.

Summary of discussion

199. Members of the Council unanimously expressed their satisfaction with the Administrator's report, which was found to be a clear and comprehensive and yet profound response to the decision taken at the seventeenth session of the Council. ¹⁴/

200. Many members reaffirmed their sympathy with the drought-stricken peoples of Africa and their continued willingness to contribute towards rehabilitation activities through either multinational or bilateral channels. Several members commended the participation of the United Nations system, and in particular UNDP, in already on-going activities.

201. A number of members again emphasized the need for co-ordination among the many sources of foreign assistance operative, or about to become so, in the Sahel. While some members felt that the necessary basic structures for co-ordination had already been created, viz., the CILSS and the United Nations Sahelian Office, others invited the Administrator to inform the Council, at its next session, about steps taken to further utilize the UNDP Resident Representatives' offices for co-ordination purposes.

202. One member found that the report (DP/88) did not sufficiently underline the human and sociologic aspects of the drought tragedy, and that too much emphasis had been lain on the economic aspects. The same member also found that the report should have been more explicit as regards the necessary relationship between the economic, social and administrative infrastructure on the one hand, and the short-, medium- and long-term assistance activities on the other.

203. Although most members were in general agreement with the recommendations contained in the report, some expressed doubts about the feasibility of creating a special institute for the Sahel. They recommended that the conclusions of the forthcoming UNDP multidisciplinary mission be evaluated very carefully and that the possibility of utilizing existing structures rather than creating a new one be examined in depth.

204. With regard to the establishment of an advisory committee for arid and semi-arid zones, a few members referred to already existing initiatives in this field and felt that a new committee might be redundant.

205. Some members informed the Council about their experiences in fighting drought conditions in their own countries and invited the Sahelian countries to make use of their bilateral assistance to transfer such experience.

¹⁴/ Ibid., Supplement No. 2, para. 279, decision II.
206. The representative of Niger highlighted the three-fold difficulty in which his country was placed due to its land-locked position, the drought and the energy crisis, and underlined that his country as well as all the others in the Sahel would need international assistance for a long time yet, to overcome the consequences of the drought. He warned that one year's good rainfall should not be taken as a sign that the difficulties were now over — "one swallow does not make spring".

207. The representative of Chad expressed the same warnings and added that a new drought situation could arise in the near but unpredictable future. He also emphasized the necessity of man dominating the environment through the use of science and technology, e.g., artificial rain. He stated that there was no lack of water in the Sahel and that the problem was to arrive at a rational exploitation of rain, surface water and ground water.

208. Several members attached very special importance to the conclusion in paragraph 149 of the report, which referred to the responsibilities of the Governments concerned to make certain fundamental choices and to assign necessary priority to certain development actions. One member, supported by several others, requested that the effects of the drought be considered by the Administrator as one of the supplementary factors to be taken into account when calculating country IPPFs.

Observations of the Administration

209. After the conclusion of the discussion, the Assistant Administrator clarified UNDP's position on some of the issues raised. He observed that the creation of an institute for the Sahel was proposed by the Heads of State of the CILSS countries and endorsed by the General Assembly, and was thus not a UNDP initiative. The report could not enter into a detailed discussion of this matter. Even though other existing institutions were working on the problem of arid regions, such regions were not uniform, even within Africa. There was, therefore, a need for a specific institute for the Sahel. However, everything would be done to avoid the creation of a superstructure which ignored existing activities. Rather, the Sahel institute would be a network of national and regional institutions and would mobilize to the maximum all existing research institutes in the subregion. Even if a global institution were to be created, it would be important to have regional branches for appropriate application of findings. With regard to consultative groups, UNDP would be willing to participate with other donors in appropriate institutional arrangements that would emerge from the various on-going consultations and/or the 1977 world conference on arid lands. As regards co-ordination, although UNDP agreed on the need for more co-ordination, it could not organize the dialogue between donors and beneficiaries unless specifically requested to do so by all concerned. The CILSS so far had held two meetings with the participation of donor countries and organizations, thereby offering possibilities of exchange of information. Obviously more should be done.
Decision of the Governing Council

210. At its 463rd meeting, the Governing Council adopted the following decision:

The Governing Council,

Recalling the decision taken at its seventeenth session, 15/

Having examined the activities report on the drought-stricken regions and adjacent regions of Africa submitted by the Administrator (DP/88) and bearing in mind the comments made by the members of the Council,

1. Congratulates the Administrator and the other organs of the United Nations system for the measures that they have taken in order to combat the effects of the drought;

2. Takes note of the Administrator's report and approves its conclusions, particularly those concerning the role of UNDP in the preparation and implementation of the medium-term and long-term programmes;

3. Requests the Administrator of UNDP as well as the other organs of the United Nations system to further expand their action in the field of emergency assistance to the drought-stricken countries;

4. Invites the Administrator to co-operate closely with the Governments of the countries concerned in the preparation and implementation of the medium-term and long-term development programmes for a permanent over-all strategy designed to restore and rehabilitate the economies of those countries;

5. Stresses the importance of effective co-ordination of the activities of the United Nations family in combating the drought and requests the Administrator, bearing in mind the relevant resolutions of the General Assembly and the Economic and Social Council, to co-operate closely in organizing the necessary joint over-all programmes and to facilitate consultations between the various sources of aid and the countries affected;

6. Requests the Administrator to inform the Council at its next session with regard to the evolution of the situation in the drought-stricken region and adjacent regions of Africa and the measures taken for the benefit of the countries affected, particularly the countries of the Sahel, Ethiopia, Somalia, Sudan and the Cape Verde Islands, bearing in mind the provisions of this decision.

15/ Ibid.
A. PROBLEMS EMANATING FROM THE DROUGHT IN SOMALIA

211. As part of item 20 of its agenda, the Governing Council considered actions to be taken to help cope with the worsening drought situation in Somalia. The Council had before it a report prepared by the Administrator (DP/GC/XIX/CRP.3 and Add.1 and Corr.1). The Governing Council also had before it a draft decision requesting the Administrator of UNDP to provide emergency assistance to the Government of Somalia in support of its efforts to deal with the effects of the drought. (DP/GC/XIX/CRP.6).

212. In introducing this item the Assistant Administrator and Regional Representative at Addis Ababa stressed that the drought situation in Somalia had deteriorated substantially since his six-day visit to the country in late December to review conditions and to determine how the United Nations system might assist most effectively in the relief and rehabilitation work. He noted that the latest information available indicated that the population in refugee camps had increased from 90,000 to 160,000 in the last month, and that deaths were rising rapidly, to perhaps 150 per day at the camps alone. Moreover, the effects of drought were in turn having a very serious effect upon the economy, which was heavily dependent upon livestock and to a lesser extent on crop production for human subsistence and for the foreign exchange necessary to finance essential food imports. He indicated that he had been extraordinarily impressed with the organization and efficiency of the relief camps in the drought regions, and with the capability of the government machinery to deal with the drought with the limited resources available to it.

213. The Assistant Administrator complimented the relief efforts being made by UNICEF and by the United Nations Disaster Relief Organization (UNDRO). He noted that several UNDP-financed projects in the country were able to provide direct support to the recovery programme of the Government. He believed that additional UNDP-financed emergency assistance should be used to accelerate and expand upon that nucleus of ongoing project assistance after the Government had a chance to assess the drought situation and to determine more precisely its additional external aid requirements.

214. The Economic Adviser to the President of the Supreme Revolutionary Council of the Somali Democratic Republic described in detail the effects of the drought to date and the measures being taken by the Government to help cope with the situation. He indicated that while some 160,000 refugees were presently in relief camps, the number of drought victims was expected to increase in April-May, just prior to the rainy season, to a peak of some 772,000. He stated that for those persons who had not lost all their livestock and sought refuge in the relief camps, the Government had established a programme designed to stabilize food prices, transfer people and livestock to less affected areas, provide drinking water, increase the number and efficiency of wells wherever possible, and provide medicaments for people and livestock. To date the Government had committed over
150 million Somali shillings to the various emergency relief measures for drought victims.

215. With respect to rehabilitation activities over the longer run, the Somali representative indicated that the main components would be the restocking of herds, the provision of seeds to affected farmers, and the undertaking of various land and water development projects. He expressed the hope that when the medium- and long-term rehabilitation measures were finalized, maximum support from the UNDP, other United Nations agencies and from the international community would be forthcoming in order to supplement the efforts to be made by the Government. He hoped that UNDP would also serve as a catalyst in generating international community assistance in support of Somalia's rehabilitation programme. In closing, the Somali representative expressed his appreciation for the relief assistance provided to date by the various organizations in the United Nations system.

Summary of discussion

216. Members of the Governing Council expressed their appreciation to the Assistant Administrator for his enlightening report and introductory statement, and noted with satisfaction the steps taken to date by the Government of Somalia to provide relief to the drought victims. They indicated their deep sympathy and concern for the rapidly increasing numbers of persons afflicted, and for the longer-term impact that this would have on the country's economic viability and welfare. They stated their unanimous support for the draft decision contained in DP/GC/XIX/CRP.6 which requested the UNDP to allocate $2 million from the Programme Reserve to finance emergency assistance to help the Government of Somalia cope with the problems of the drought, and to assist the Somali Government in the formulation and implementation of development projects essential for recovery in the drought-stricken areas. Many representatives commended the efforts of UNDRO, UNICEF, WHO and the World Food Programme in providing immediate relief to the people of Somalia, but stressed the need for medium- and long-term measures to bring about economic rehabilitation.

217. A number of members drew attention to the experience of their own countries with drought or other natural disasters of widely disruptive proportions, and stressed the complex, costly and long-term nature of rehabilitation efforts. They stressed the need to strengthen the basic infrastructure in the drought-stricken areas on a priority basis in order to reduce vulnerability to drought in the future. Several representatives described the contributions made by their Governments to date in order to assist the Government of Somalia to provide relief to drought victims. These members and several others indicated the readiness of their Governments to provide further assistance for both relief and rehabilitation purposes as soon as the priority needs were identified.

218. Several members stressed that because of the serious nation-wide proportions of the Somali drought, a comprehensive review of the UNDP country programme in Somalia was warranted in order to ensure maximum assistance in support of the national relief and rehabilitation programmes being put into effect. Several members indicated that the additional $2 million from the Programme Reserve would not be sufficient to meet Somalia's emergency requirements from the United Nations system, and that further emergency assistance might be required at a later stage. Many members requested the UNDP Administrator to report back to the twentieth session of the Governing Council on the impact of the drought in Somalia over the
next several months and on the progress of measures being taken with international assistance to provide relief to drought victims. Many members also endorsed the request made by the Somali representative in his initial statement that UNDP should play a catalytic role in helping Somalia to obtain the magnitude of assistance now urgently required from the international community.

219. At the conclusion of the general discussion on this item, the Somali representative expressed his appreciation to the Administration and the Governing Council for their sympathy and support to the Somali Government and people in their greatest hour of need. He reiterated that the limited resources available to the Somali Government and UNDP were insufficient to cope with the relief and rehabilitation programmes, and that strong support from the whole international community was required. He appreciated the willingness of UNDP to take a leading role in helping to mobilize the necessary aid.

220. Following its decision (see paragraph 222), the Governing Council, through its President, appealed to all aid-giving Governments and agencies to respond positively to the alarming situation in Somalia, and expressed its desire to be informed at its next session in June of any further developments relating to the drought-stricken areas of Africa, including problems emanating from the drought in Somalia.

Observations of the Administration

221. In his response to the discussion on the item, the Assistant Administrator and Regional Representative at Addis Ababa expressed appreciation for the comments and suggestions made by Council representatives, and assured them that their observations would be carefully considered. In that connexion, he indicated that he sensed a Governing Council consensus: (1) of appreciation for the determination and effort of the Government and people of Somalia to overcome the serious effects of drought in their country; (2) that the UNDP country programme in Somalia should be reviewed with the Government and revised as warranted to ensure its relevance under the current circumstances; (3) that the UNDP country programme in Somalia should be supplemented by $2 million from the Programme Reserve; (4) that the UNDP Resident Representative in Somalia should do all possible to mobilize additional assistance from the international community in support of the Somali Government's relief and rehabilitation efforts; (5) that UNICEF and UNDRO should continue to play an active role in the relief and rehabilitation work; (6) that the UNDP-financed team of specialists requested by the Government of Somalia to help plan a longer-term drought rehabilitation programme should be in the field by mid-February if possible; and (7) that the UNDP Administration should keep the Council informed of the drought situation in Somalia.

Decision of the Governing Council

222. At its 458th meeting, the Governing Council adopted the following decision:

The Governing Council,

Having reviewed the problems arising from the prevalence of the drought in Somalia,
Realizing that the drought was severely affecting the implementation of the plans of the Government of Somalia for the speedy social and economic development of the country and its people,

Recalling its previous decisions on assistance to the countries of the Sudano-Saharan Zone and Ethiopia in a similar predicament,

Recalling further Somalia's status as a least developed among the developing countries for which both the Economic and Social Council and the General Assembly had recommended special measures,

Noting with appreciation the commendable efforts of the Government and people of Somalia to combat the effects of the drought,

Noting further the actions already taken by UNDP, UNDRO, UNICEF and the World Food Programme to assist the Government of Somalia in its present hour of need,

Convinced of the need for greater action on the part of UNDP,

1. Decides to allocate a sum of $2 million from the Programme Reserve to assist the Government of Somalia in its efforts specifically to deal with the problems of the drought;

2. Requests the Administrator to assist the Government of Somalia, in consultation with the other organizations in the United Nations system, in formulating and implementing development projects aimed at achieving the short-to long-term recovery and rehabilitation of the people of the drought-affected areas of Somalia.

B. MEASURES TO BE TAKEN FOLLOWING THE EARTHQUAKE IN PAKISTAN

223. Under item 21 of its agenda, the Council had before it a draft decision, co-sponsored by Indonesia, Iran, Kuwait, Malaysia, Morocco, Niger, Peru, Philippines, Somalia and Sudan, on measures to be taken following the earthquake in the northern regions of Pakistan (DP/GC/XIX/CRP.9).

224. Introducing the item, the Assistant Administrator and Regional Director of the Regional Bureau for Asia and the Pacific drew attention to Economic and Social Council resolution 1915 (ORG-75), which requested the Governing Council to provide the necessary assistance to the Government of Pakistan in the process of reconstruction and rehabilitation in the earthquake-affected areas, and which also took note of the statement made on behalf of the Secretary-General of the United Nations on earthquake relief assistance given by the United Nations system. As cited in that statement, the UNDP Resident Representative, using the experience gained from the Programme's response to the 1973 flood disaster in Pakistan, had immediately established an interagency task force to channel information to all parties concerned and to co-ordinate activities in co-operation with the Government and bilateral donors. In addition, an emergency $20,000 UNDP Programme Reserve contribution, together with a similar contribution from the Office of the United Nations Disaster Relief Co-ordinator (UNDRO), had been utilized by UNICEF towards the cost of urgently needed tents for the earthquake survivors.
225. The Assistant Administrator went on to say that the Government, in close co-operation with the task force set up by the Resident Representative, had quickly established priority emergency relief requirements which had been fully met through the rapid and generous contributions of the international community, in response to an appeal from the Pakistan Government for international assistance. More than $40 million had been pledged or received in cash and in relief materials from bilateral or multilateral sources, and the World Food Programme had approved $659,200 worth of food for the survivors of the earthquake disaster for 90 days.

226. He further informed the Council that the Government of Pakistan had set up a special committee to deal with the situation, and that the Government of the North-West Frontier Province, where the disaster occurred, was scheduled to submit a preliminary report on the reconstruction and rehabilitation phase to the central Government at the beginning of February. The task force and the United Nations experts on the spot would participate in reviewing this report; in fact, UNESCO had already provided the services of an engineering seismologist, a landslide problem specialist, and a rural low-cost housing expert.

227. Lastly, the Assistant Administrator remarked that UNDP would be in a better position to judge the extent and nature of the assistance required from it after it had received the assessment of the situation in the above-mentioned report. He assured the Government of Pakistan, however, that UNDP would do its best to respond to the fullest extent possible in order to meet its assistance requirements.

228. In reporting on the severity of the devastation in his country following the earthquake of 28 December 1974, the representative of Pakistan referred to the extreme difficulties and problems encountered by the relief organizations set up by his Government in getting the necessary materials, food and medical supplies to the victims of the disaster. He described the region in which the earthquake had occurred as one of extremely high mountains rising to over 20,000 feet, deep and narrow valleys and gorges, coupled with heavy snowfall and freezing weather conditions. The already difficult and complicated state of communications in the area had meant that in many instances and for some time, relief supplies could only be brought into the disaster area by helicopter, and consequently the provision of immediate relief had been a very expensive operation.

229. As a result, detailed information had taken a long time to filter out to the Government relief organizations, and further details were still coming through. As time passed, more and more communities had been discovered to have been destroyed by the earthquake, and not only had roads been blocked or swept away by landslides, but terraced fields, which provided the agricultural livelihood of the people of the area, had been severely damaged. He estimated that well over 5,000 persons had been killed, more than 17,000 injured, and some 97,000 persons rendered homeless; nine towns and several villages and communities over a 1,000 square mile area had also been destroyed.

230. Expressing the profound appreciation of his Government for the prompt and generous response of the international community and the United Nations organizations concerned, including UNDP, in providing urgently needed relief goods to the affected people, the representative of Pakistan also noted with gratification the leading role played by the developing countries in providing such assistance. While this immediate emergency relief phase could now be considered to be well in hand, a second phase of long-term rehabilitation and reconstruction would not only involve great capital expenditure, but, in view of the difficult terrain of the area, would
also require considerable technical expertise. Although the Government of Pakistan was still in the process of formulating detailed plans and projects for this recovery phase, he mentioned some of the fields in which assistance from UNDP could prove of great value, including the following: the provision of experts in the construction of earthquake-resistant low-cost housing; experts in improving agricultural practices and terracing; experts in reconstruction and expansion of health institutions; educational training and other community facilities; and experts in communications and landslide prevention.

231. In commenting on the draft decision before the Council, he drew attention to the fact that, since detailed information about the extent of the damage and the various possible ways in which reconstruction and rehabilitation programmes could be undertaken had not been fully formulated, the decision would allow the Administrator considerable flexibility in order to enable him to make an adequate response as the situation developed.

232. In concluding, he expressed the hope that the Council would adopt the draft decision in order to enable UNDP to commence, in consultation with other concerned organizations in the United Nations system, urgent action to assist the Government of Pakistan with its recovery programme for the earthquake-affected areas.

**Summary of discussion**

233. In introducing the draft decision, one member explained that it had been designed to enable the Administrator to respond promptly but effectively, and in a flexible way, to the enormous programmes of rehabilitation and reconstruction that the Government of Pakistan was undertaking in the affected areas following the earthquake, and he expressed the hope that the Council would adopt it unanimously.

234. Council members conveyed their deep concern and sympathy for the people and Government of Pakistan as a result of the disaster which had befallen them. They warmly welcomed the steps already taken by the various organizations in the United Nations system, including UNDP, to assist the Government in the first phase of its immediate emergency relief efforts. At the same time, members strongly stressed the need for urgent action by the international community in the difficult second stage of rehabilitation and reconstruction of the northern region. In this connexion, there was general agreement that UNDP should play a paramount part in this second phase by contributing its expertise and insight in the implementation of the medium- and long-term plans for reconstruction and rehabilitation of the area.

235. There was full support in the Council for the draft decision, and the hope was expressed that the Administrator would enter into the necessary consultations with the Government of Pakistan in the very near future, in order that rehabilitation projects might be formulated as quickly as possible. In extending further assistance to the Government, the hope was also expressed that UNDP would not draw upon the resources allocated under the current IPF for Pakistan in extending assistance towards the reconstruction of the devastated areas. In the view of another member, it was important that in future, arrangements to meet such disaster situations should include utilizing the expertise of the cartographical,
geographical and housing units of the United Nations, so that a global technical assistance programme could be prepared to mitigate the effects of natural disasters.

236. Several members described the measures taken or under consideration by their Governments to assist the people of the affected area. In that regard, one member expressed the hope that the contribution extended by his Government to Pakistan under the United Nations Emergency Operation might be utilized to assist the victims of the disaster. It was also noted with interest by one member that over $50 million had been contributed to the Government of Pakistan by six developing countries, namely Algeria, Iran, Kuwait, Libyan Arab Republic, Saudi Arabia, and the United Arab Emirates, and that this substantial contribution had been co-ordinated with the United Nations Disaster Relief Office in Geneva.

Decision of the Governing Council

237. At its 463rd meeting, the Governing Council unanimously adopted the following decision:

The Governing Council,

Considering that an earthquake of severe intensity had recently caused serious loss of human life and property in the northern regions of Pakistan,

Noting that in its resolution 1915 (ORG-75) of 15 January 1975, the Economic and Social Council requested the Governing Council to take urgent action at its nineteenth session to provide the necessary assistance to the Government of Pakistan in the process of reconstruction and rehabilitation in the areas affected by the earthquake,

Noting with satisfaction that the Secretary-General of the United Nations and the concerned organizations in the United Nations system, including UNDRO, UNICEF, WHO, FAO/WFP as well as UNDP, had taken immediate steps to assist the Government of Pakistan in providing emergency relief to the victims of the disaster,

Realizing that, after the phase of emergency relief a second phase of recovery, that is, reconstruction and rehabilitation, would have to be undertaken at great expense, and for this purpose the Government of Pakistan would be needing substantial assistance,

Recognizing the importance of the role UNDP could play in providing assistance to the Government of Pakistan in this process of recovery,

1. Requests the Administrator to take urgently all necessary steps to assist, in consultation with the concerned organizations in the United Nations system, the Government of Pakistan in its reconstruction and rehabilitation programme in the affected areas;

2. Authorizes the Administrator to approve such assistance in addition to the IPF for the Pakistan country programme.
238. Under item 10 of its agenda, the Governing Council had before it document DP/91, in which the Administrator reviewed the situation of the Programme with respect to action taken in favour of colonial territories and peoples; document DP/GC/XIX/CRP.2, in which the Administrator provided an estimate of travel and other costs related to the attendance of representatives of national liberation movements at the nineteenth session of the Governing Council, 16/ and document DP/GC/XIX/CRP.5, in which the Assistant Administrator and Director of the Regional Bureau for Africa set forth the details of UNDP assistance to colonial countries and peoples as well as the results of his consultations with the leaders of various national liberation movements in Africa.

239. The Assistant Administrator’s comprehensive review of UNDP assistance to colonial territories and peoples was divided into three parts: recent developments affecting UNDP activities; new co-operation programmes drawn up in collaboration with the liberation movements recognized by the Organization of African Unity (OAU); and problems related to the financing of UNDP assistance. He pointed out first that the Governing Council’s decision at its eighteenth session 17/ approving the measures proposed by the Administrator to expedite the formulation and implementation of programmes in favour of colonial countries and peoples had made possible the preparation of several projects, some of which had already been completed or were in operation, while others were about to be approved. The Assistant Administrator then went on to review briefly the political developments which had taken place recently and which had a direct bearing on the nature and scope of UNDP aid: the admission to the United Nations of Guinea-Bissau; the establishment of Transitional Governments in the Cape Verde Islands, Mozambique, São Tomé and Príncipe, as well as the imminent establishment of a Transitional Government in Angola, a measure which preludes the accession to independence of these countries; the referendum of independence in the Comoro Archipelago; the forthcoming independence of the Seychelles; and the negotiations in Lusaka concerning the future of Southern Rhodesia. One of the consequences of these developments would be the necessity for a complete review of UNDP assistance to the countries concerned as well as of the methods for co-operating with their liberation movements.

16/ At its 447th meeting, the Governing Council, on the recommendation of the Budgetary and Finance Committee, decided that the travel and subsistence costs of the representatives of the national liberation movements invited to participate in the session, estimated at $36,400, should be paid out of the budget of UNDP and be charged against that portion of the Programme Reserve set aside for provisional IPFs for the movements in question (DP/SR.447).

The Assistant Administrator also reported on his recent mission to Africa during which he had talks with senior officials of the OAU; officials in the Governments of the Congo, the United Republic of Tanzania, Zaire and Zambia; and with the leaders or representatives of the following liberation movements: the Frente Nacional para a Libertação de Angola (FNLA), the Movimento Popular de Libertação de Angola (MPLA), the União Nacional para a Indépendência Total de Angola (UNITA), the Frente de Libertação de Moçambique (FRELIMO), the Partido Africano da Indépendência da Guiné e Cabo Verde (PAIGC), the Zimbabwe Africa People's Union (ZAPU), the African National Congress of South Africa (ANC) and the Pan Africanist Congress of Anzania (PAC).

The Assistant Administrator then detailed the co-operation programmes which had been or were in the process of being developed in collaboration with various liberation movements. Regarding Angola, he stated that projects for educational assistance had been approved for the FNLA and the MPLA and that a special programme of familiarization with United Nations organizations was already being implemented for certain personnel in the FNLA. Requests for additional aid, he said, were being reviewed in the light of the situation created by the forthcoming establishment of a Transitional Government.

Referring to the Cape Verde Islands, the Assistant Administrator reported that a recent mission by the UNDP Resident Representative in Guinea-Bissau had made it possible to identify some urgent projects, most of which involved additional missions to work out requests in greater detail. Those missions had been approved. The Assistant Administrator stated, too, that in accordance with a request submitted to the Secretary-General by the Transitional Government, a special mission, headed by the UNDP Resident Representative in Guinea-Bissau and including representatives of WFP, FAO, UNICEF and the United Nations Disaster Relief Co-ordinator, visited the area on 10 January in order to work out an assistance programme to save the population from the famine threatening them as a result of the drought. In addition, he said that a small-scale initial programme to launch activities in the field of water had already been approved.

With regard to Mozambique, the Assistant Administrator summed up the main aspects of UNDP activities under two headings: action within Mozambique in co-operation with the Transitional Government; and action outside Mozambique in co-operation with FRELIMO. In connexion with the former, he listed the following measures and conclusions: the opening of a UNDP office in Lourenço Marques; the dispatch of an emergency mission for the purpose of assessing food needs and other relief requirements; an agreement in principle on a certain number of urgent projects; and an agreement in principle that UNDP action should be carried out in an emergency phase for 1975-1976 during which special importance would be attached to the rehabilitation of areas and populations which have suffered the effects of the war of liberation, and a normal phase for 1977-1981. With respect to action outside Mozambique, the Assistant Administrator said that UNDP aid was largely concerned with assistance for the operation of the training institutions set up by FRELIMO in the United Republic of Tanzania. He indicated that FRELIMO intended to keep these institutions open for at least a year before moving them, if necessary, to Mozambique itself.

Referring to São Tomé and Príncipe, the Assistant Administrator reported that talks held between the UNDP Resident Representative in Gabon and the leaders of the Movimento de Libertação de São Tomé e Príncipe (MLSTP) had enabled
the identification of certain urgent requirements including, in particular, the financing by UNDP of the purchase of vaccines to combat the effects of a cholera epidemic. He said also that he intended to visit the country in February to plan continued UNDP assistance.

245. The Assistant Administrator emphasized that one problem common to all Territories which had experienced a war for independence was the problem of refugees and that the problem had a direct bearing on the organization of each country's development. Though recognizing that the primary responsibility for assistance to refugees lies with the UNHCR, the Assistant Administrator considered it inappropriate for UNDP to take no interest in this important problem.

246. Continuing his review of UNDP assistance to colonial territories and peoples, the Assistant Administrator informed the Council that though he was unable to meet with representatives of the liberation movements of the Comoros and of the French Territory of the Afars and the Issas, resident representatives of the countries of asylum of these movements had been asked to make contact with them to discuss the prospects for possible UNDP assistance. He referred also to the IPF of $1 million which had been established in 1971 for these two Territories and the Seychelles. The value of projects already approved was approximately $1,320,000, though no requests had been received from the French Territory of the Afars and the Issas. The Assistant Administrator stated that he was authorized to visit Djibouti to discuss co-operation with UNDP. In any case, he believed the IPF for the three Territories should be larger for the 1977-1981 period.

247. With regard to Namibia, he reported that discussions with the leaders of the South West Africa People's Organization (SWAPO) had resulted in a project to assist the training of Namibian personnel at the Namibian Health and Education Centre located in Zambia. He stated also that UNDP was prepared to contribute to the functioning of the Institute for Namibia, particularly by providing financing for the services of a number of lecturers and research specialists.

248. Regarding Zimbabwe, or Southern Rhodesia, the Assistant Administrator remarked that Zimbabwe nationals recommended by ZANU and ZAPU had benefited from UNDP support provided to the regional project for educational assistance to African refugees. He said, furthermore, that in order to strengthen the training programmes for Zimbabwe nationals, an educational assistance project for each liberation movement had been prepared and approved. In addition, preliminary assistance to ZANU had been approved for a project designed to maximize that movement's ability to formulate and carry out development programmes for the Zimbabwe people.

249. Finally, with respect to South Africa, the Assistant Administrator informed the Council of the difficulty encountered in identifying specific projects which might be immediately approved. He said that the UNDP Resident Representative in the United Republic of Tanzania and the UNDP Regional Representative in Zambia would continue discussions with representatives of the ANC and the PAC, the two liberation movements recognized by the OAU, for the purpose of considering projects which might be carried out with UNDP assistance.

250. Turning then to the subject of financing UNDP assistance, the Assistant Administrator first reported on the status of the trust fund established by the
Administrator in accordance with the Council's decision taken at its eighteenth session 18/ and to which the Netherlands had contributed $1.5 million. He said that half a million dollars of that amount had been granted to UNICEF to assist that organization in carrying out a joint UNDP/UNICEF/WHO health assistance project for the liberation movements based in the United Republic of Tanzania and Zambia. One million dollars therefore remained. He stated that the total cost of projects approved to date amounted to more than $2.4 million. In addition, he estimated the cost of projects in an advanced state of preparation to be between $1 million and $2 million. The Assistant Administrator explained that even though the cost of approved projects was considerably more than the remaining resources of the trust fund, two reasons militated against delaying project approval: firstly, the contributions to the trust fund pledged by Belgium and Norway in the amount of $584,476; secondly, the understanding that other member States were prepared to provide additional resources either by contributing to the trust fund or by increasing the resources of the Programme Reserve. The Assistant Administrator stressed, nevertheless, not only that all the resources in the trust fund had already been committed but also that use could easily be made of much larger sums, over and above those already mentioned.

251. To illustrate this point, he referred to three examples: a request from the Transitional Government in the Cape Verde Islands to the Secretary-General for $550,000 in emergency medical aid; urgent requests from the Transitional Government in Mozambique for aid to short-term projects the estimated costs of which totalled almost $8 million; a request from the Government of Guinea-Bissau to the UNHCR for assistance in the resettlement of refugees for which more than $10 million would be required. The Assistant Administrator added that UNDP was also being urged to assist in the resettling of 500,000 refugees in Angola.

252. Using the situation that prevailed in Guinea-Bissau as an example, he went on to urge strongly that indicative planning figures be adopted for those colonial countries which would shortly become independent. He informed the Council that the Administrator intended to submit recommendations on the IPFs for those countries to the Council's twentieth session. With regard to the remaining two years of the 1972-1976 programming cycle, he said that provisional estimates had been made of the scale of UNDP assistance based on the IPFs established for countries of comparable characteristics and taking into account the relevant criteria adopted by the Council. In view of the difficulty of forecasting which other African countries would attain independence soon, the Assistant Administrator expressed the opinion that it would be worth while to continue to maintain the trust fund, which could also be used, if the Council desired, to finance such emergency aid measures as those relating to drought or to the rehabilitation of war-ravaged areas, activities not normally covered by country IPFs.

253. Concluding his review, the Assistant Administrator emphasized both the importance he attached to the specialized agencies' giving priority to UNDP action in favour of colonial countries and peoples and that those agencies should benefit from measures adopted by the Council providing for flexibility in the preparation and implementation of relevant assistance projects. He informed the Council that representatives of the various agencies concerned had given assurance of their support. He suggested, furthermore, that each agency have a central service responsible for co-operation with the colonial countries and that representatives of those organizations in the countries concerned be given the necessary authority to do whatever may be required for the rapid implementation of the tasks assigned to them.

18/ Ibid.
Summary of discussion

254. At the suggestion of one member, the Council agreed that representatives of the national liberation movements participating in the consideration of the item should be given the opportunity to initiate the discussion. Accordingly, the representative of the Movimento de Libertação de São Tomé e Príncipe (MLSTP) addressed the Council and informed the members of the enormous difficulties his country faced. Describing the economy as having atrophied, he drew the Council's attention to the catastrophic social implications involved. He stated that the assistance of the international community was absolutely necessary, particularly technical aid from FAO, since the agricultural sector would be the basis for economic progress. Fishing, tourism and transportation were other areas he singled out where technical assistance was essential. Detailing the country's transportation problems, he proposed that UNDP consider the possibility of providing two small vessels suitable for coastal shipping. He also requested that the Programme assist in setting up a marketing fund to organize imports and in providing storage facilities for the island's food-stuffs. He concluded by expressing his appreciation to the Assistant Administrator and his gratitude to the Governing Council.

255. The representative of the Pan Africanist Congress of Azania (PAC) stated that his organization was in the process of preparing two project requests which would be submitted to the UNDP Resident Representatives in the United Republic of Tanzania and Zambia. The first concerned the establishment of a poultry farm to help feed refugees and the families of freedom fighters. The second concerned the setting up of a pig-raising unit for the same purpose. The total cost was estimated to be between $10,000 and $20,000. The PAC representatives expressed the hope that the projects could be approved speedily for reasons of morale as well as of physical necessity.

256. The representative of the Zimbabwe African People's Union (ZAPU) expressed her organization's thanks to UNDP for its help to the Zimbabwe people in their struggle for self-determination. Stating that colonialism remained the basic problem of her country, she informed the Council that the Zimbabwe national liberation movement still required massive support. Referring to the recent unification of ZANU and ZAPU within the ANC, she reaffirmed the need to review all UNDP assistance to conform to this development. With respect to immediate requirements, she stressed aid to projects concerning nursery care and kindergartens, food for children and mothers, and the construction of storage facilities.

257. The representative of the Zimbabwe African National Union (ZANU) emphasized the need for more rapid implementation of projects, stating that more than a year had passed since the adoption of the United Nations resolution urging assistance to national liberation movements and, as far as his organization was concerned, no projects had been carried out during that time. He categorized the needs of his organization as falling within the fields of health, education and agriculture. In the health sector, immediate needs included rehabilitation programmes for war victims and basic clinics for refugee camps. Among the long-term needs, he cited the training of health personnel and medical clinics for rural areas. Under education, he singled out financial assistance to Zimbabwe nationals studying abroad and the establishment of adult literacy programmes in refugee camps as areas of immediate concern. On a long-term basis, he saw the
training of technicians and the construction of technical colleges as meriting priority. Immediate requirements in the agricultural sector included the acquisition of implements in order to increase food production in the refugee camps. Regarding the long-term, he sought assistance which would provide agricultural machinery, seeds and fertilizers and which would establish centres for agricultural training.

258. The representative of the Frente Nacional para a Libertação de Angola (FNLA) expressed his appreciation to the UNDP and to other United Nations organizations for providing members of his organization with the opportunity to become familiar with United Nations system operations. He gave a brief summary of the immense resources of his country, underscored the detrimental effects of colonial exploitation and appealed to UNDP for assistance. The following requests were specified: a multidisciplinary mission to Angola to identify problem areas and to prepare relevant project proposals, the establishment of a UNDP office in Luanda as soon as possible, immediate assistance for the repatriation of refugees who fled to Zaire, and direct implementation of projects by UNDP.

259. The representative of the Movement for the National Liberation of Comoro (MOLINACO) expressed his regret at the lack of contact with UNDP officials but was confident that the relationship would improve. Describing the educational system in his country as extremely limited and the health facilities as poor, he listed as urgent needs the establishment of school workshops, technical schools, teacher-training programmes and medical institutions and the provision of fellowships. With respect to the agricultural sector, he said that only cash crops were grown. Industry, moreover, was virtually non-existent. Long-term assistance in these two sectors would be essential. Extremely critical of the present administering Power, he stated that his country did not anticipate receiving any help from that source.

260. The representative of the African National Congress of South Africa (ANC) stated that the success of the liberation movements in the Portuguese territories was gratifying and gave encouragement to the liberation movement in South Africa. He said that part of the struggle was the need to support refugees and the families of freedom fighters. He considered that vocational training programmes were vital, particularly in agriculture, since not only would basic food requirements be met but important skills would be learned and an opportunity to engage in creative work would be provided. Referring to the piggery project mentioned earlier by the representative of PAC, he stated that its approval was urgently required. In addition, he proposed that assistance be provided to help his organization maintain an office at United Nations Headquarters.

261. The representative of the South West Africa People's Organization (SWAPO) expressed his organization's appreciation for the assistance provided by UNDP but stated that much more was needed. In particular, he mentioned that providing food, clothing, shelter and adequate medical treatment for thousands of Namibian freedom fighters was of paramount concern. He suggested that the United Nations organizations concerned might consider adopting less bureaucratic methods in order to expedite the carrying out of critically needed programmes. The assistance provided by friendly countries was acknowledged appreciatively and, referring to the Assistant Administrator's statement, he remarked that his organization was not opposed to talks with the South African Government provided that the negotiations were genuinely meaningful.
The response of Council members both to the Assistant Administrator's detailed review of relevant UNDP activities and to the statements of the representatives of the national liberation movements was positive, enthusiastic and appreciative. Virtually every member participating in the discussion supported the proposal to establish IFPs for the newly independent or soon-to-become-independent countries. In addition, many members suggested that the special problems of these countries be taken into consideration when their IFPs were calculated. There was general agreement, too, that the trust fund should continue to be maintained, and one member indicated the willingness of his Government to contribute additional resources to UNDP if and when necessary, outside the Trust Fund. He urged, however, that assistance to the former colonial countries be integrated into the regular programme as soon as possible. Regret was expressed that more had not been done in terms of project approvals and implementation, which would have created better conditions for an early start on ordinary substantial co-operation between UNDP and the country concerned immediately upon liberation.

Several members concurred in the analysis of critical development problems provided by the representatives of the liberation movements and urged that projects in agriculture, health, education and technical training, and transportation be given priority attention. One member, referring to the similarities in geography, language and culture between his country and the Portuguese-speaking African countries, suggested that bilateral assistance within the limits of his Government's resources would be an appropriate complement to multilateral action, particularly in training programmes and the provision of fellowships. Another member, referring to common problems shared with Mozambique, said that his Government offered a number of scholarships to nationals of that country. Still another member stated that his country had been heavily involved in training specialists from colonial territories and was prepared to continue this assistance at an increased rate.

The problem of rapid project implementation was commented on by several members, who stressed the importance of increased co-ordination among the specialized agencies concerned. In this connexion, satisfaction was expressed with the results of the recent, informal inter-agency consultations which the Assistant Administrator referred to in his statement. On a related point, one member appealed to the liberation movements of particular countries to enhance the effect of UNDP aid by unifying their requests for assistance. Other members urged that the liberation movements become more involved in specific project formulation. There was general agreement that flexible methods of project formulation and implementation should continue to be employed, particularly with respect to assistance to the South African liberation movements.

Regarding the over-all thrust of UNDP activities, many members agreed that priority should be given to meeting emergency needs, particularly with respect to the resettlement of refugees and displaced persons. One member, stressing the negative effects of colonial domination, stated that efforts toward economic and social reconstruction should begin before independence was attained. Other members, though recognizing the need for emergency aid, expressed the view that it was not too soon to plan for long-term assistance. One member also drew attention to the importance of meeting intermediate needs as well. Virtual unanimity was expressed regarding the need for a comprehensive review of UNDP aid to colonial countries and peoples, and members looked forward with keen interest to a further discussion of this question at the Council's twentieth session.
266. One member, referring to the statement by the representative of MOLINACO, announced that his Government considered that the movement was not qualified to speak on behalf of the Comoro peoples but said that his Government was prepared to provide whatever assistance the Government of the Comoros deemed necessary. Another member expressed his disappointment that the Assistant Administrator made no mention of the liberation movement in French Somaliland and requested clarification as to why this geographic term was not used by the Assistant Administrator in his report. He also formally requested that the liberation movements be contacted before the twentieth session.

267. At the invitation of the Council, the representative of the United Nations High Commissioner for Refugees (UNHCR) provided members with a brief summary of activities and plans related to the refugee problem. He said that present efforts were concentrated on the repatriation of refugees from Guinea-Bissau, Angola and Mozambique to their countries of origin. He pointed out that large-scale repatriation efforts had to dovetail with the absorptive capacity of existing infrastructures in order to obviate serious disruptions in economic and social life. The problem was under close study, he reported, and any steps taken would be co-ordinated with the Secretary-General, UNDP and other organizations in the United Nations system. He cautioned that the estimated resources required would certainly far exceed individual country IPFs.

Observations of the Administration

268. Responding to the discussion, the Assistant Administrator expressed his deep appreciation for the statements made, noting with great satisfaction the expressions of support for the proposal that separate IPFs be established for the countries about to become independent. He stated that the trust fund was primarily designed to be used for those colonial countries which were not expected to become independent within a year or so. Regarding the emphasis placed on emergency assistance, he said that the Programme Reserve might not have sufficient resources to support adequately the demands likely to be made upon it. Consequently, the Council might wish to consider how to deal with special emergency situations which might arise.

269. With reference to his use of a particular name for one of the colonial countries, the Assistant Administrator stated that he used the term employed by the Governing Council when it established a mutual IPF in 1971 for three Territories, including the one in question. He recalled that UNDP provided assistance to some colonial countries with the agreement of their Administering Powers, as well as more recently to national liberation movements.

Decision of the Governing Council

270. At its 460th meeting, the Governing Council adopted the following decision:

The Governing Council

1. Takes note with appreciation of the comprehensive information provided by the Assistant Administrator and Regional Director for Africa regarding his consultations with African liberation movements on the assistance to be provided by UNDP in the light of the most recent developments in Africa;
2. Takes note of the statements made by members of the Council and the representatives of the liberation movements who participated in the debate;

3. Considers that UNDP must strengthen further its assistance to the countries acceding to independence and to the liberation movements recognized by the OAU;

4. Approves the proposal of the Administrator that indicative planning figures for the current cycle and illustrative figures for 1977-1981 should be established at the twentieth session of the Council for the countries and territories acceding to independence;

5. Appeals to member States for increased financial support of the measures taken and contemplated by the Administrator, using the fund-in-trust established for that purpose and other resources, in order to strengthen the Programme's assistance to the liberation movements recognized by the OAU as well as to countries acceding to independence in their economic and social rehabilitation programmes;

6. Requests the Administrator to report to the Council at the next session on his further consultations with liberation movements not covered in his report to the nineteenth session.
CHAPTER XII
UNITED NATIONS FUND FOR POPULATION ACTIVITIES

271. Under item 13, the Council had before it:

(a) A request by the Executive Director of the United Nations Fund for Population Activities (UNFPA) for increased approval authority in 1975 (DP/74 and Corr.1);

(b) A request to transfer credits among appropriations in the 1974 UNFPA administrative budget (DP/97); and

(c) Projects and country agreements recommended for approval (DP/FPA/2 and Add.1-5).

272. The request to transfer credits among appropriations in the 1974 UNFPA administrative budget was considered by the Budgetary and Finance Committee, which reported thereon to the Council (DP/L.297).

Consideration by the Governing Council

273. Introducing item 13 in the Council, the Executive Director of UNFPA said that developments in the population field had been momentous since the last Council session in June 1974.

274. He noted that UNFPA, by resolution 1672 (LII) of the Economic and Social Council, had been given responsibility for the 1974 World Population Year, designed to heighten awareness of the world population situation. With the help of Governments, national and international organizations and institutions, a world-wide information programme had been launched which had led to a world-wide dialogue on population questions. The appeal to set up national population committees has been responded to by 64 countries. The impact of these actions was likely to reach far beyond 1974.

275. The results of a major event during the Year, the World Population Conference in Bucharest, had validated UNFPA's thinking and objectives, the Executive Director stated. The World Population Plan of Action 19/ adopted at the Conference constituted a consensus of the 137 countries represented. It confirmed, inter alia, the basic human rights of couples and individuals to decide freely and responsibly on the number and spacing of their children and to have the information and means to do so; and it underlined the interrelationship of population and development.

276. The Executive Director noted that at the World Food Conference in Rome he

19/ See E/5585 (will also be circulated under the symbol E/CONF.60/19), chap. I.
had urged that Governments, when taking steps to solve the food crisis, not lose sight of the long-term effect of population growth. It was significant that the World Food Conference had adopted a resolution seeking the achievement of a desirable balance between population and food supply. 20/ UNFPA, he declared, would be happy to serve the legislative bodies of the United Nations in their follow-up action on the World Food Conference, in view of the inevitable interaction between food and population.

277. The Executive Director noted that UNFPA, as a result of these developments, was now confronted with a welcome rise of interest and demand, much higher than anticipated when he addressed the Council at the eighteenth session. Requests for maternal and child health and family planning projects in Latin America had risen sevenfold in the last two years; the bulk of UNFPA assistance in North Africa was now requested for support of family planning programmes; requests for UNFPA assistance in western Asia had trebled in two years; a growing interest in family planning was also discernible in Sub-Saharan Africa; in Asia and the Pacific the amounts provided by UNFPA, almost all of it for family planning, had doubled since 1973.

278. There was also an increase in requests for meeting local costs and for providing equipment, as distinct from requests for expertise, and an increase in requests for assistance for direct implementation by Governments, rather than by outside executing agencies.

279. The Executive Director noted that in document DP/74 and Corr.1, in view of requests totalling some $160 million for 1975, he had proposed that UNFPA approval authority for that year be increased from the $68 million, set at the eighteenth session, to $120 million. Such an approval authority would require pledges totalling about $100 million in 1975.

280. Since the submission of document DP/74 and Corr.1, it had become clear that pledges for 1975 would increase by 26 per cent over those for 1974, to a total of $68 million. Though this was excellent proof of the increased attention given by Governments to population issues, the total pledged would now make it necessary for UNFPA to ask not for the $120 million recommended in document DP/74 and Corr.1, but a markedly lower figure, namely $80 million, as approval authority for 1975. This would include the five projects and country programmes submitted for approval to the present session. In submitting the reduced request for $80 million, UNFPA had applied the criteria for project approval (DP/45) which the Council had noted at its eighteenth session.

281. The Executive Director said that the implications of an $80 million approval authority for 1975 would be the limitation of action on all requests pending by the end of 1974 to $48 million through the phasing of many projects forward to future years; no approval in 1975 of any projects not foreseen by the end of 1974, even assuming growth of approval authority in 1976 to $90 million, and, hence, no approval until 1977 of any requests not foreseen by the end of 1974.

282. He stated that, in spite of the severity of other problems confronting the

20/ See E/5587 (will also be circulated under the symbol E/CONF.65/20), chap. V, resolution IX.

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world, assistance to population projects should be isolated as basic to them, and
should not slacken. Approval authority of $80 million in 1975 would imply
$90 million in 1976 and $100 million in 1977; these were modest figures compared
with the dramatic increase in requests as a result of the new awareness of
population issues.

283. The expected pledges totalling $68 million in 1975, together with the
carry-over from 1974, would make an $80 million approval authority realistic.

284. The Executive Director said that despite inflation, the UNFPA
administrative budget had been held down to 5 per cent of the total programme
budget, or 7 per cent if the cost of the field Co-ordinators was included. It was
expected that UNFPA would work within approximately the same limits in future
years.

285. Recalling that at the eighteenth session some members had requested an oral
statement at this session - and a written statement at the twentieth session - on
how UNFPA was implementing its role as co-ordinator of global population
activities, as specified in General Assembly resolution 2815 (XXVI) and Economic
and Social Council resolution 1763 (LVI), he noted that the World Population Plan
of Action requested UNFPA to produce, together with other organizations involved
in population assistance, a guide for international assistance in population
matters to be made available to recipient countries. UNFPA was sponsoring,
together with the United Nations, regional post-World Population Conference
consultations during the first half of 1975 to discuss the implications of the
Plan of Action. The UNFPA Inter-Agency Consultative Committee had held two
sessions at which project implementation and implementation ratios had been
reviewed. Twenty-one UNFPA Co-ordinators were now in the field. An ad hoc
technical meeting would be held with them in February to discuss methods whereby
bilateral co-operation in population activities could be increased, so that
country requests for which UNFPA was at present lacking the finances could be
handled.

286. The Executive Director said that UNFPA had contributed to the preparation of
International Women's Year and that the proportion of women on its staff had
further increased.

287. He informed the Council that UNFPA proposed to continue the practice whereby
large-scale country programmes or projects, planned to take four to five years to
complete, would be subject to review by the Council after the first two years.

288. In conclusion, the Executive Director stated that while UNFPA welcomed the
dramatic increase in attention to population matters and the increased requests
presented by developing countries for assistance, and was grateful to the donor
countries for increasing the means to respond to these requests, he felt that it
would be in the interest of the entire world if ways and means could be found to
increase, very much further, the pledges now foreseen during 1975. Further
increases could spell the difference between heightened momentum and routine
continuation, between fresh and growing impact and semi-stagnation.
289. Members of the Council expressed appreciation to the Executive Director for the work done by UNFPA.

290. Many members commented on the important events which had occurred during 1974 in the field of population, especially on the results of the World Population Conference and the activities in the World Population Year which had increased awareness of population questions. They stressed the interrelationship between development and population, brought out in the World Plan of Action adopted by the Conference, as well as that between food resources and population growth, contained in the resolutions of the World Food Conference. 21/

91. Members of the Council, in general, expressed satisfaction over the increased demand on UNFPA brought about by these developments. Many members, however, explored that the lack of resources available to UNFPA might slow down international assistance in population matters. Some members felt that the present status of UNFPA resources should not be allowed to slow down its activities. Many members endorsed the Executive Director's call for increased contributions to UNFPA. A number of members announced their Governments' increased pledges and contributions during 1975.

292. Many members emphasized the principle, also contained in the decisions of the World Population Conference, 22/ that international population assistance must take into account the right of Governments to determine what assistance their countries need in this area. Some members urged more assistance to family planning projects, while one member advocated emphasis on other activities within the mandate of UNFPA. Another member felt that a wide scope for new UNFPA activities was opened up by the realization of the close link between development and population assistance.

293. Discussing the means for UNFPA to meet increased demands under the conditions described by the Executive Director, several members felt that promotional activities should be decreased. Several members urged that assistance for regional, interregional and global projects be reduced. One member, however, felt that the promotional activities of UNFPA should still go on. Members generally expressed satisfaction over the growing trend towards country agreements in UNFPA programming.

294. Many members stressed the need for UNFPA to have clear priorities and criteria for project approval in the situation when demand was outrunning the supply of resources, although many felt that this situation, by itself, was welcome. The Secretariat was requested to prepare full and comprehensive documentation on this matter for the twentieth session. In this context, members urged that such priorities and criteria take into account the distribution of funds among recipient countries, an analysis of past performance, the relation between delivery and capacity and possible increase in assistance, and trends in the implementation rate. One member urged that in measuring the implementation rate, inflation should

21/ Ibid., chap. V.

22/ See E/5585 (will also be circulated under the symbol E/CONF.60/19), chap. II.
be reflected. Another member felt that UNFPA, when rejecting project requests, should not turn down requests for family planning assistance. Several members urged that whenever reductions became necessary, the largest cuts should be made in requests for regional, interregional and global projects. Other members felt that priority in project approval should be given to ongoing projects. One member felt that UNFPA should avoid diversion of funds to needs other than population.

295. UNFPA's policy whereby in appropriate cases projects may be implemented directly by the recipient country was endorsed by several members. A link between multilateral population assistance involving UNFPA and bilateral assistance was suggested by some members, and one member stressed the advantages of the "multi-bi" approach, to be agreed upon directly with a country or through a consortium. The need to obtain greater contributions from recipient countries was emphasized by one member. Several members stressed that UNFPA should remain the main channel for multilateral assistance.

296. Many members stressed that the UNFPA co-ordinating role for all population assistance within the United Nations system should be strengthened. The view was expressed that UNFPA must be the catalyst of such assistance and that co-ordination of all United Nations activities was needed to secure optimum results. The importance of UNFPA's co-ordinating role in putting into effect the decisions of the World Population Conference was also stressed by one member.

297. The Executive Director's request for an increase in UNFPA's 1975 approval authority to $80 million from the $68 million approved at the eighteenth session was supported by members of the Council. The implications of that request for future years, contained in a letter sent by the Executive Director to Council members in December 1974 and reproduced in D/74 and Corr.1, were noted by members as modifying the projections in the Work Plan for the next four years submitted to the Council at its eighteenth session. One member urged caution with regard to the projected approval authority of $90 million in 1976, and suggested that this be discussed in more detail at the twentieth session.

298. The Council expressed approval for the UNFPA country agreements and projects submitted to it at the nineteenth session (DP/FPA/2 and Add.1-5). Several members, however, commented on the scarcity of information contained in the document (DP/FPA/2/Add.5) on the proposed country agreement with Peru. It was agreed that the Council approve this project as "Population programme in Peru" for the first year only, to a total of $700,000, the remainder of the proposed four-year programme to be considered by the Council at its twenty-first session. Appreciation for UNFPA assistance was expressed by several members representing recipient countries of the five projects.

299. Several members stated that documentation submitted by UNFPA on projects subject to Council approval had improved. Some felt, however, that documentation should be further improved and that more information on proposed projects should be supplied. In this context, one member, supported by several others, urged that such information contain: evaluation of previous input, including that not financed by UNFPA, and implementation rate; expected implementation rate in the proposed project; size and content of the contributions by the Government and by other donors and the role of the executing agencies. The Executive Director's intention to resubmit large-scale projects after the first two years was endorsed by some members.

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300. One member stated his country's objection to UNFPA granting assistance to the authorities of South Korea and the Saigon authorities in South Viet-Nam.

301. Several members expressed appreciation of the Executive Director's practice of holding consultations with Council members during the semi-annual sessions. One member stated that such consultations should not be institutionalized.

302. One member stated that it was the Executive Director's right to arrange consultations with Governments and interested organizations on an ad hoc basis on any problem at a technical level, and to obtain advice on a regular and institutionalized basis if authorized by the UNDP Governing Council or the Economic and Social Council to do so. He felt that there was a "grey area" between the supervisory functions of the Economic and Social Council and the Governing Council of UNDP vis-à-vis UNFPA. This applied, for instance, to the question of the establishment of priorities and the criteria UNFPA was to apply: the Economic and Social Council might wish to consider them in a broader sense, as distinct from purely operational criteria now under discussion in the Governing Council.

303. One member, supported by another, suggested that UNFPA consider giving support to the Colombo Plan Bureau.

Observations of the UNFPA Administration

304. The Deputy Executive Director, Operations, said that a request for assistance from the Colombo Plan Bureau had already been received and was now being examined by UNFPA.

305. He said that the need to look at the quality and not only the quantity of programme delivery was keenly felt by UNFPA. UNFPA intended to place more emphasis on implementation and UNDP experience was being considered. UNFPA co-ordinators would meet at Headquarters in February to discuss these problems, and the Executive Director would welcome any suggestions from Governing Council members on how to improve and measure implementation and how best to report to the Council.

306. The Deputy Executive Director, Policy and Programme Development, said that UNFPA would take into account the suggestions regarding project documentation. He recalled that a paper on criteria (DP/45) had been prepared for the eighteenth session and noted by the Council; UNFPA would revise and complement the paper for the twentieth session, as suggested by members.

307. He noted that cuts in regional, interregional and global projects, advocated by some members, had already been made by UNFPA. While in 1973 approximately one half of UNFPA resources had been devoted to such projects, the figure in 1974 was 30 per cent, and in 1975 would be 21 per cent. UNFPA's aim was to devote the majority of its resources to country programmes. However, there were many regional and interregional or global projects which benefited countries directly, such as the World Fertility Survey, and UNFPA felt it might be difficult to further reduce such assistance.

308. The Executive Director thanked Council members for the support expressed for UNFPA. He said that only the pledges announced during the discussion in the Council amounted to $31 million for 1975 and there were good indications that the fund-raising target of $68 million for 1975 would be met.
309. He said that UNFPA would continue to respond as adequately as possible to the requests for increased efficiency in delivery. UNFPA realized that the trust placed in it by the Council could only be maintained if it adequately responded to the Council's policy guidelines.

Consideration by the Budgetary and Finance Committee

310. The Budgetary and Finance Committee had before it document DP/97, submitted by the Executive Director of UNFPA, requesting transfers among appropriation sections of the 1974 UNFPA administrative budget.

311. In response to a request by some members of the Committee for additional clarification concerning the proposed change in estimated income (Section 7 of the budget), the representative of UNFPA explained that the revision of salaries brought about by the consolidation of five classes of post adjustment into the base salaries as of 1 January 1975 resulted in increased expenditure in the common staff costs (pensions and national income tax reimbursement) and an increase in estimated income (staff assessment). He stated that the request would result in transferring the increase in estimated income to the other appropriation sections.

Decisions of the Governing Council

312. At its 462nd meeting, the Governing Council adopted the following decision:

The Governing Council

1. Decides to give the Executive Director for 1975 a revised approval authority for project commitments up to the amount of $80 million;

2. Approves the following proposed country agreements and projects in the amount of $1 million or more:

(a) Country agreement with Tunisia (DP/FPA/2/Add.3);

(b) Population programme in Peru (DP/FPA/2/Add.5) for the first year up to a total of $700,000, the remainder of the proposed four-year programme to be considered by the Governing Council at its twenty-first session;

(c) Maternal and Child Health Programme in Colombia (DP/FPA/2/Add.1);

(d) Support to the Algerian National Census (DP/FPA/2/Add.2); and

(e) Population Census in Yemen (DP/FPA/2/Add.4).

313. At its 464th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council approved the following transfer of credits among sections of the authorized 1974 administrative budget of UNFPA:

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<tr>
<th>Section</th>
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<tr>
<td>Section 1 - Salaries and wages</td>
<td>Decrease</td>
<td>(40,000)</td>
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<tr>
<td>Section 2 - Common staff costs</td>
<td></td>
<td>40,000</td>
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<tr>
<td>Section 3 - Travel and transportation</td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Section 4 - Permanent equipment</td>
<td>Decrease</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Section 5 - Other general expenses</td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td>Section 7 - Estimated income</td>
<td>Decrease</td>
<td>(29,000)</td>
</tr>
</tbody>
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CHAPTER XIII

ACTION TAKEN IN 1974 BY ORGANS OF THE UNITED NATIONS
AND RELATED AGENCIES

314. Under item 14 of its agenda, the Governing Council had before it a note by the Administrator on actions taken in 1974 by organs of the United Nations and related agencies which were of interest to UNDP, including resolutions requiring action by the Governing Council (DP/81 and Add.1-3).

Summary of discussion

315. One member stressed the importance his Government placed on full UNDP participation in the Common Register of Development Activities (CORE) in response to resolution 1889 (LVII) of the Economic and Social Council.

Decision of the Governing Council

316. At its 463rd meeting, the Governing Council took note of the action taken by the organs and agencies of the United Nations system in 1974 on matters relating to UNDP (DP/81 and Add.1-3).
CHAPTER XIV

BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS

317. The Governing Council considered the budgetary, financial and administrative matters before it under item 13 of its agenda on the basis of the reports of its Budgetary and Finance Committee submitted on the following questions:

(a) Estimates of resources and programme costs and related proposals by the Administrator, and audit reports (DP/L.297/Add.3);

(b) UNDP financial regulations and rules (DP/L.297/Add.2);

(c) Agency overhead costs (DP/L.297/Add.8);

(d) Custodianship of UNDP funds (DP/L.297/Add.5);

(e) UNDP administrative and programme support services budget (DP/L.297/Add.1, 6 and 7); and

(f) United Nations Capital Development Fund - additional administrative costs (DP/L.297/Add.4).

A. ESTIMATES OF RESOURCES AND PROGRAMME COSTS AND RELATED PROPOSALS BY THE ADMINISTRATOR, AND AUDIT REPORTS

318. Under agenda item 16 (a), the Budgetary and Finance Committee had for review and discussion a note by the Administrator (DP/87 and Corr.1) which provided the current estimate of resources and programme costs for the period 1972-1976, data on the actual cost of project experts through 1974 and estimated for 1975 and 1976 as compared with the standard cost presently in use, a request by the Administrator for authority to approve the waiver of assessed programme costs relating to periods prior to 1972, and a brief report on countries achieving or likely to achieve net contributor status.

319. Also under item 16 (e), for its consideration of audit reports, the Council had before it the UNDP Financial Report and Accounts for the year ended 31 December 1973 and the report of the Board of Auditors 23/ which was considered by the General Assembly at its twenty-ninth session and accepted in its resolution 3227 (XXIX). In addition, the Committee had before it the observations of the Advisory Committee on Administrative and Budgetary Questions contained in document A/9763 and Corr.1, paragraphs 13-16, with which the General Assembly also concurred in its resolution 3227 (XXIX), and a covering note by the Administrator with reference to the UNDP Financial Report and Accounts (DP/78, annex I), by which the Administrator transmitted to the Council, in accordance with Financial

Regulations 15.2 and 15.3, the audited accounts of the participating and executing agencies relating to funds allocated to them by UNDP as at 31 December 1973 (DP/78, annex II, and DP/78/Add.1), together with a summary of the Status of Funds of those agencies (DP/78/Add.2).

320. Introducing the subitem, the Administrator informed members of his efforts to complete the process of decentralization of UNDP activities to the field level in keeping with the Governing Council Consensus approved by General Assembly resolution 2688 (XXV). In this connexion, the Administrator informed the Committee that he would endeavour to avoid a substantial increase in the UNDP administrative budget as a consequence of the decentralization process and he anticipated a shift in the major portion of administrative costs from Headquarters to the field. The Administrator discussed with the Committee the impact of inflation on the Programme and related the efforts that he was making in order to secure additional contributions from those countries in a position to become net contributors. He emphasized the growing reliance of the United Nations family of organizations on the UNDP Resident Representatives, who were now called upon to undertake a variety of assignments which extended far beyond their original role. The Secretary-General of the United Nations had indicated the wish to place even greater reliance on Resident Representatives for special tasks. Performance reports indicated that these officials were now required to spend one third or more of their time on work which was very important to the international effort but which was not strictly within the UNDP mandate as such. The Administrator indicated that he had instructed the Resident Representatives to give particular support to efforts directed towards technical co-operation between developing countries. This work would undoubtedly require increasing time and effort of Resident Representatives and their staffs in the future. The Administrator elaborated for the Committee the reasons for his proposal to increase the rate of reimbursement of overhead costs to Executing Agencies and explained that the decision was arrived at after a comprehensive review of the available data and a series of consultations with his colleagues, the heads of the specialized agencies, which had led to the conclusion that the third of the four options recommended by the Consultative Committee on Administrative Questions (CCAQ) in its report (DP/77/Add.1 and Corr.1) was the most feasible approach at the present time. The Administrator expressed appreciation for the JIU report on the subject (DP/77/Add.3), noting its detailed comments and the fact that it should be useful for the future consideration of the question of agency overhead costs.

321. The Assistant Administrator, Bureau of Administration and Finance, in his supplementary introductory comments to those made by the Administrator, covered the contents of DP/87 and Corr.1 in detail and drew attention to the inflationary trend which had caused the actual cost of experts to exceed the standard cost that had been established in 1972 at the beginning of the development cycle. The Assistant Administrator explained the justification for the Administrator's proposal to utilize the estimated net planning surplus to partially cover the expected deficit in the expert cost variance account and stated that this approach was considered to be the most equitable alternative for eliminating the existing deficit. He also drew the Committee's attention to the fact that the actual and standard cost of an expert used in the report represented the gross cost of an expert rather than the actual net take-home pay after all deductions were made.
Summary of discussion in the Committee

322. During the discussion, it was observed that the Administrator had apparently prepared document DP/87 and Corr.1 on the basis of the assumption that the Council would in fact approve the proposed increase in the overhead reimbursement rate to executing agencies at 14 per cent. It was further noted that such an assumption tended to prejudge the action of the Council and should be avoided. Several members questioned the reasons underlying the decline in the rate of inflation assumed in the report from 12.5 per cent in 1974 to 9 per cent for 1975 and 1976. A number of members expressed concern over the increase in the UNDP administrative budget, the reimbursement rate for agency overhead costs, and the increase in the standard cost of experts to $36,000. While the IPFs were maintained in monetary terms, they were reduced in real terms. One member emphasized the need to increase assistance in regional and interregional projects.

323. Several members acknowledged the desirability of increasing the standard cost of experts and supported the Administrator's recommendation that he be authorized to use the expected estimated planning surplus to partially offset the expected deficit. Other members, while supporting such increase, were unable to endorse the utilization of the net estimated planning surplus to cover the deficit. Several other members felt it was too soon to take such an important decision as using the net planning surplus as proposed by the Administrator. One member noted that compensation should be provided the recipient countries to offset the net decrease of national IPFs, in real terms, inferred by the standard expert costs increase. It was also suggested that the offset to individual IPFs needed at the end of the cycle as a result of the increase in expert costs charged to them could be carried over to the next cycle together with the net planning surplus. In order to be able to decide on the modalities of any partial inflation compensation to be covered by the planning surplus, several members considered it necessary that an analysis concerning the resulting distribution be made, preferably on the basis of supplementary information. Another member made the observation that UNDP should be able to obtain experts at a lower cost than $36,000 in view of the declining job market resulting from a slowdown in world-wide economic activity. It was noted that the planning surplus was in many respects only a notional figure and that it might not be prudent to use it for this purpose. The view was expressed that the utilization of the estimated net planning surplus to subsidize the deficit in the expert cost variance account was tantamount to establishing parallel IPFs, which was inequitable for those countries with slow rates of programme implementation and that such countries would be at a disadvantage as compared to countries having faster rates of implementation which had therefore been able to have projects implemented at a $30,000 standard cost.

324. Several members made the point that agenda item 15 dealing with programme resources for 1977-1981 had a direct bearing on the present discussion and that a final decision on the use of the net planning surplus should await the consideration of document DP/90 (see chap. IV).

325. Most members supported the Administrator's request for authority to grant waivers of assessed programme cost for periods prior to 1972, if such waivers were given with caution and on an individual case-by-case basis.
326. On the subject of net contributors status, most speakers, while welcoming the progress made by the Administrator in this direction, at the same time urged countries capable of attaining net contributor status to accelerate the pace of doing so.

327. The Assistant Administrator responded to the various questions and observations made in the Committee by explaining the various factors which influenced the level of UNDP resources, the estimated net planning surplus, the projected deficit in the expert cost variance account and the proposed increases in administrative costs. The Committee was informed that the increase in the expert standard cost from $30,000 per man-year to $36,000 could be considered as a compromise which largely favoured recipient countries. Consequently, a delay in increasing the standard cost could lead to further financial complications which the Administrator felt would be to the detriment of the UNDP development effort. It was explained that the projected decrease in the rate of inflation from 12.5 per cent in 1974 to 9 per cent in 1975 and 1976 reflected the view that 1974 had experienced an unusually high rate of inflation and it was anticipated that the inflation rate for 1975 and 1976 might decline to about 9 per cent. In response to the query as to the possibility for obtaining experts for the programme at a lower cost, it was indicated that UNDP project experts were employed within the context of the United Nations common salary system, and salaries were established in the light of salary scales for the United Nations system. The Assistant Administrator, in response to a suggestion for certain improvements in the format of document DP/87 and Corr.1 and the addition of other important data, informed the Committee that these changes could be accommodated in future reports.

328. In the discussion on the UNDP audit reports, several members expressed satisfaction with the format of the new report, and its presentation in its modified form as submitted to the General Assembly. Appreciation was expressed for the work of the United Nations Board of Auditors and to the agency auditors for making these suggestions and their thoroughness in checking the accounts of the participating and executing agencies. The attention of the Committee was drawn to the report of ACABQ (A/9763 and Corr.1) and to its comments on the UNDP accounts. It was suggested that in the future the items on resources and audit reports might be divided into two separate agenda items, i.e., one on the estimates of resources and programme costs, and a separate item on the audit reports.

Decision of the Governing Council

329. At its 464th meeting, the Governing Council adopted the decision which the Budgetary and Finance Committee had recommended to it, taking into account the comments and observations made in the Committee. Accordingly, the Governing Council adopted the following decision:

The Governing Council

1. Takes note of document DP/87 and Corr.1 and of the observations made by members of the Committee and the Administrator's replies;

2. Recommends the retention of the concept of standard costs for calculation of the cost of expert services;

3. Approves the Administrator's recommendations to raise the standard cost to $36,000 with effect from 1 January 1975 without prejudice to any decision to offset the expected deficit;
4. Considers it desirable that study of the financial policy to be adopted to offset the expected deficit be continued at the twentieth session of the Governing Council;

5. Recommends that a waiver of assessed programme costs prior to 1972 be granted to Equatorial Guinea;

6. Confirms that the Administrator has the authority to grant waivers of assessed programme costs on a case-by-case basis for the period prior to 1972;

7. Takes note of documents A/9607/Add.1, A/9763 and Corr.1, DP/78 and Add.1 and 2, containing the audit reports of the Participating and Executing Agencies of the UNDP accounts as at 31 December 1973, as well as the comments and observations expressed by the members of the Committee thereon;

8. Approves the accounts and audit reports as contained in the documents referred to above.

B. UNDP FINANCIAL REGULATIONS AND RULES

330. The Director, Division of Finance, introduced this item and stated that the proposed amendments to the Financial Regulations had become necessary due to the change in the format of the annual accounts, and the preparation of these accounts, which were to be submitted to the General Assembly and the Governing Council. As a consequence of the transfer of accounting functions to UNDP from the United Nations, several rules which were required when the United Nations prepared the UNDP annual accounts were now no longer necessary. In one or two other cases, new rules on ex gratia payments and the write-off of losses of cash and property were to enable the Administrator himself to accomplish those acts. The new regulations and rules were patterned after the applicable United Nations Regulations and Rules. The Administrator's representatives had consulted the United Nations Office of Finance on the text of the revised regulations and rules.

Summary of discussion in the Committee

331. On this item, most members expressed agreement with the Administrator's proposed changes to the Financial Regulations and Rules regarding the annual accounts. Further clarification was requested on several aspects of the new provisions regarding ex gratia payments and write-offs. One member considered it useful to discuss first the question of the transfer of custodianship of UNDP funds from the Secretary-General to the Administrator before taking any decision on the Financial Regulations and Rules resulting from such action. The main concern was that the Council should establish an upper limit on the amount which could be written off under the authority of the Administrator. It was noted that such provision could have the effect of providing the Administrator with a safeguard in those situations where excessive demands were being made. After further discussion, the representative of the Administrator agreed that an upper limit set at a figure of $20,000 for ex gratia payments would seem reasonable. The proposed UNDP Financial Regulations and Rules would be amended to include the above suggested limit.
Decision of the Governing Council

332. At its 464th meeting, the Governing Council adopted the decision which the Budgetary and Finance Committee had recommended to it taking into account the comments and observations made by members of the Committee. Accordingly, the Governing Council approved the revisions of the UNDP Financial Regulations and Rules proposed in DP/79, subject to the amendment of proposed Regulation 14.5 to limit the *ex gratia* payments made under the Administrator's authority to $20,000.

C. AGENCY OVERHEAD COSTS

333. Under agenda item 16 (b), the Administrator, in response to the Council's decision at its eighteenth session, 24/ provided the Budgetary and Finance Committee with the following:

(a) A note by the Administrator with his recommendations on the reimbursement of overhead costs to executing agencies (DP/77);

(b) The report of the Consultative Committee on Administrative Questions (CCAQ) containing the report of the Task Force studying the operation of a cost measurement system (DP/77/Add.1 and Corr.1);

(c) Comments by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the operation of the cost measurement system (DP/77/Add.2);

(d) The report of the Joint Inspection Unit (JIU) on the cost measurement system (DP/77/Add.3);

(e) A note by the Administrator recommending action by the Council with respect to excess overhead costs drawn by executing agencies prior to 1972 for implementing former Special Fund-type projects (DP/77/Add.4); and

(f) A report by FAO on agency overhead cost measurement on a project basis (DP/77/Add.5).

334. The Deputy Administrator (Administrative) opened the discussion in the Committee by recapitulating the essence of the most recent discussions in the Governing Council on agency overhead costs, held at the eighteenth session in Manila. He commented on the reports submitted by the JIU (DP/77/Add.3) and the CCAQ (DP/77/Add.1 and Corr.1) and stressed the usefulness of the JIU report, with particular emphasis on the important points discussed by the Inspector.

335. The Deputy Administrator noted that the Administrator himself in his previous appearance before the Committee had stated that UNDP would continue to explore alternatives for a more refined overhead reimbursement system and that the further studies suggested in the JIU report would no doubt assist in the formulation of such a system for reimbursing overheads to the agencies. However, it might still take some time to obtain the results and benefits of those studies.

336. The Committee was also informed that the Administrator had consulted with his colleagues, the executive heads of the specialized agencies in the Inter-Agency

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Consultative Board and in the Administrative Committee on Co-ordination, regarding his present proposal for reimbursing overheads. The heads of agencies supported the Administrator's proposal and had strongly and repeatedly urged the Administrator to assist them by achieving a stable long-range decision on the level of overheads so that the agencies could have a firm base for planning the utilization of resources to be available for project implementation.

337. After considering the merits of the four CCAQ options for reimbursing overhead costs as contained in its report, the Administrator concluded that option three was a good method to be used until sufficient experience could be obtained which would provide the basis for a better method. On balance, after considering the advantages and disadvantages of option three, the Administrator was recommending to the Council for the years 1974-1977 a reimbursement rate of 14 per cent to be calculated basically on option three of the CCAQ report. The Administrator's proposal was contained in paragraph 18 of document DP/77.

338. It was also noted that the ACABQ in its report (DP/77/Add.2) endorsed the Administrator's proposal.

339. At the invitation of the Chairman, and with the concurrence of the Committee, the Chairman of CCAQ addressed the Committee on the contents of the CCAQ Task Force study, its findings and the major factors which had been considered in arriving at the basis for the recommendation of the four options for coping with the overhead issue as contained in DP/77/Add.1 and Corr.1.

**Summary of discussion in the Committee**

340. During the course of the discussion, some members supported the increase in the reimbursement of agency overhead costs as they felt that, while it was necessary to reduce overall administrative costs, it was necessary to reimburse agencies at realistic levels as otherwise administrative expenses for UNDP projects might cut into the regular budgets of the agencies. On the other hand, some members stated that they could not support the increase in the rate used for the reimbursement of overhead costs from the present 13 per cent to 14 per cent as proposed by the Administrator. One member felt that the rationale supporting the Administrator's recommendation was not convincing and indicated that an increase in the reimbursement rate would merely serve to subsidize the regular budgets of the executing agencies. It was further observed that the increase in the actual cost of experts and the additional overhead cost would deplete UNDP resources, thus reducing the proportion of assistance available to developing countries. It was stated that the retroactive calculations made to adjust the overhead to reflect the actual cost of experts as opposed to utilizing the standard cost of experts for such purposes would add a further dimension to UNDP's subsidy to the regular budgets of executing agencies.

341. However, the consensus in the Committee developed in support of the Administrator's recommendation to increase the overhead reimbursement rate to 14 per cent for the years 1974-1977. While most members appeared to accept the Administrator's recommendation to negotiate an additional overhead provision, not to exceed 5 per cent of the total project budget or an amount equal to one man-year of expert services at standard cost, for inclusion in project budgets for unusually complex projects requiring special or identifiable technical backstopping services, a large measure of caution was expressed over this practice and the
Administrator was encouraged to apply this provision, at his discretion, in a very restrictive manner, and to report to the Council any project for which additional overhead costs were approved. There was also consensus supporting the Administrator's proposal regarding the overhead flexibility for the smaller agencies. However, most members of the Committee felt that the ceiling applicable to agencies covered by the flexibility provisions should be established at $10 million rather than $8 million as proposed by the Administrator in document DP/77. He was also urged to provide the Council with more detailed information justifying the lump sum payments to the smaller agencies.

342. Several members stressed the importance of an analysis of the conspicuous differences between the agencies in the percentages representing the costs of technical and non-technical support since such an analysis would provide a good basis for a reduction of the costs and also be of great interest to the specialized agencies.

343. Most members of the Committee supported the recommendations contained in the JIU report and felt that the cost measurement system should be continued and that the CCAQ should carry out further work on the overhead question. Taking account of the recommendations made by the JIU in document DP/77/Add.3, a number of members felt that the JIU report, along with the comments of CCAQ, ACABQ and the Economic and Social Council, should be considered by the Council at a future session and supported the proposal of the Administrator that he, with the assistance of CCAQ, and if necessary outside expertise, should continue his efforts to find a new reimbursement formula and report to the Council on the matter. One member expressed concern at the delay in the preparation of the final recommendations on the in-depth study carried out by the Task Force in the field of agency overhead expenses. He confirmed his delegation's position that all agency overhead costs should be reduced to the minimum and fully reimbursed to agencies from UNDP funds.

344. There was agreement in the Committee that agencies should make special efforts to reduce overhead expenditures. One member noted that an increase in the rate of reimbursing agencies for overhead costs was not a guarantee of improved project implementation. In that connexion, one member expressed his preference for the inclusion of overhead cost in project budgets as a direct charge against the IPF, with the agency and the recipient Government agreeing to the level of the overhead charge. Clarification was requested and provided as to the criteria for determining "unusually complex projects" and for the rationale underlying the split in the overhead reimbursement rate of 14 per cent into the two separate categories of 2 per cent for project formulation and 12 per cent for non-technical back-stopping. Concern was also expressed over the fact that agencies with a large number of subcontracts included in the projects they were responsible for would benefit from the increased overhead rate of 14 per cent to be received by agencies. One member suggested that agency overhead costs should be known as programme support costs.

345. The Deputy Administrator (Administrative) responded to the questions raised and provided the clarifications requested by members. He reviewed for the Committee the sequence of discussions and decisions leading up to the current proposal submitted by the Administrator, and made special reference to the fact that the Council at its last session had indicated that it would not approve a substantial increase in the reimbursement rate of overhead costs. He informed
the Committee that the Administrator's decision to reimburse agencies' overhead on the actual cost of experts retroactive to 1 January 1972 would amount to $3 to $4 million, which was equivalent to about 1 per cent of UNDP's annual programme expenditures. The Deputy Administrator explained the type of project which might be considered as "unusually complex" and stated that it was envisaged that such projects would be few in number and not exceed a small fraction of the total programme. An unusually complex project would meet some or all of the following criteria:

- multidisciplinary, or in a relatively obscure sector or subsector;
- heavy requirements for technical training of counterpart personnel;
- not susceptible to implementation through subcontracting;
- relatively large equipment component, involving procurement by the agency of sophisticated and complicated equipment;
- necessity for the agency to develop an unusually complicated series of relationships with the Government concerned.

He assured the Committee that the Administrator would continue to support the work of the CCAQ on the cost measurement system and recommended the use of outside consultants to participate in the work of the CCAQ Task Force.

Excess of overhead cost drawn by executing agencies

346. The discussion on the overhead question continued, with the Committee directing its attention to the contents of DP/77/Add.4. The Assistant Administrator provided the Committee with the background to the agency drawings of excess overhead costs and the circumstances leading up to the balances due to UNDP from the executing agencies as at 31 December 1971.

347. The Committee was informed of the Administrator's preoccupation and concern over the situation relating to excess drawings by agencies; the Administrator elaborated on his personal involvement and efforts in order to find an equitable solution to the problem and he had been successful in his efforts to recover the amounts due from five of the Agencies concerned. After his efforts to resolve the matter, the Administrator had engaged a Consultant to examine the question of overhead costs drawn in advance by agencies and to make proposals for resolving the questions, but the conclusions and recommendations of the Consultant were not considered to be compatible with the best interest of UNDP. He therefore had decided to propose an alternative solution as he had recommended in DP/77/Add.4, paragraph 7.

348. The representative of FAO addressed the Committee and reviewed the history behind what was now termed "excess overhead drawings" by his organization. He explained that since its inception, FAO might be considered to have geared itself to effectively implement the very large programme financed by UNDP, which was estimated to be twice the size of the FAO regular programme. The representative of FAO further stated that FAO was not under any unusual financial strain as indicated in the Consultant's report, but that there was no other source of funds from which the overdrawings of overhead could be repaid.
Summary of discussion in the Committee

349. During the discussion on this item, a number of members supported the Administrator's proposal while others expressed support for the Consultant's recommendation to examine the question of overhead costs. A question was raised as to why the years 1969-1971 had been chosen as the period considered by the Administrator. Some members noted that the Administrator's proposal to write off amounts due from a few agencies might lead other agencies that had already settled to request that their overdrawings also be written off. In this connexion, a few members stressed that they favoured all agencies repaying the overdrawings while others stated a preference for total overdrawings to be written off. Several members expressed serious concern that agencies did not practice prudence in the spending of UNDP overhead funds. The Committee supported the Administrator's proposal to write off the overdrawings of WMO and ITU.

350. During the course of the discussion, one member noted that this present situation and experience should encourage UNDP and the agencies to exercise better financial control in the future. However, the majority of members of the Committee supported the principle underlying the Administrator's recommendation regarding the method of settlement with regard to FAO, UNESCO, and ILO, and urged the Administrator to continue discussion with the agencies concerned in order to arrive at a settlement based upon this principle, but to perhaps expand the number of years to a period beyond 1969-1971 which had been used as a base in the calculations by the Administrator. The Administrator could then submit the results of his negotiations with the agencies to the twentieth session of the Governing Council for its approval.

351. The Assistant Administrator, Bureau of Administration and Finance, explained that under the present UNDP financial situation, the Administrator had found it unrealistic to agree to relieve agencies of a sizable debt, particularly one which they could not substantiate. Consequently, the Administrator's proposal of the formula contained in DP/77/Add.4, paragraph 7, covering the method of settling the excess drawings of overhead had resulted from serious considerations and from discussions with some of the agencies concerned.

352. The Assistant Administrator told the Committee that the years 1969-1971 had been chosen because they were the years which the Consultant had noted as the crucial years when FAO had tooled up to meet the heavy demands of the new country programming system. The Assistant Administrator explained that the rationale underlying the Consultant's recommendation for UNDP to write off $2.8 million in excess drawings of overhead was related to ongoing projects, while the $2.1 million to be repaid by FAO covered the projects which were not yet operational as at the end of 1971. In response to a question regarding the impact on the UNDP resources of a write-off of a sizable amount, the Assistant Administrator informed the Council that such action would result in a reduction in UNDP resources and a corresponding reduction in the estimated net planning surplus.

Decision of the Governing Council

353. At its 465th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:
The Governing Council

1. Takes note of documents DR/77 and Add.1 and Corr.1 and Add.2-5, and of the comments and observations made by members of the Committee;

2. Authorizes the reimbursement of agency overhead costs incurred by the agencies for the years 1974-1977 at the rate of 1.4 per cent of actual project costs;

3. Recommends the continuation by CCAQ of the cost measurement study, taking account of the recommendations made by the Joint Inspection Unit in document DP/77/Add.3, in order to find, if possible, a better reimbursement formula, and the continuation of the efforts to reduce overhead costs and increase efficiency;

4. Requests the Administrator to report to the Council on the matter at its twenty-fourth session with an interim report submitted at its twenty-first session;

5. Agrees that the Administrator should negotiate additional lump-sum overhead reimbursements for the smaller agencies whose programmes do not exceed $10 million and provide the Committee with more detailed information on the matter;

6. Authorizes the Administrator to negotiate an additional overhead provision not to exceed 5 per cent of the project budget or an amount equal to one man-year of expert services at standard cost in the case of unusually complex projects, but urges the Administrator to take a very restrictive approach in this matter and to report to the Council any projects for which this provision is approved;

7. Considers it necessary to allow the Administrator more time to continue to seek a compromise with the executing agencies before taking a decision on the write-off of excess overhead costs drawn by executing agencies for executing former Special Fund-type projects;

8. Decides, therefore, to take up this question again at its twentieth session, and authorizes the Administrator to write off $437,666 and $357,964, respectively, for ITU and WMO on the basis of the special circumstances applicable to small executing agencies with identifiable staff units for executing projects financed by UNDP.

D. CUSTODIANSHIP OF UNDP FUNDS

354. Under item 16(c) of the Governing Council's agenda, the Budgetary and Finance Committee had for review a report by the Administrator on the custodianship of UNDP funds (DP/94).

355. In introducing this item, the Assistant Administrator, Bureau of Administration and Finance, expressed appreciation of various financial services provided by the United Nations for which UNDP paid a subvention and stated that in view of the size of the Programme, UNDP felt it should manage its own resources including the placement of funds not required for immediate use. He added that the Secretary-General of the United Nations and the Administrator had agreed in 1971 that it would be in the interest of all parties concerned if the custodianship
of UNDP funds were transferred from the Secretary-General to the Administrator. He referred to the Consensus, which had placed squarely on the Administrator full responsibility and accountability for all aspects of the Programme. The matter was deferred at that time as a result of the recommendation of ACABQ, which had asked that the subject be studied in more detail by the United Nations and UNDP.

356. The Assistant Administrator outlined the differences between the two organizations which justified the transfer of custody. The bulk of investment of UNDP funds was in short-term maturities, while the United Nations was primarily concerned with long-term placement for the United Nations Joint Staff Pension Fund. The investment objectives of UNDP also varied at times since its funds were invested in development-oriented activities, including loans to Governments for providing housing for experts, which was consistent with the decision of the Governing Council. UNDP also had special currency management problems as it dealt with other organizations in the United Nations system.

357. The Assistant Administrator stated that on taking office the Administrator had first concentrated his efforts on improving the UNDP Accounts since he had encountered difficulty in receiving precise and up-to-date information in connexion with his campaign for increasing the annual pledges to UNDP. The UNDP Accounts were transferred from the United Nations to UNDP at the beginning of 1973. He stated that, as indicated at the last session of the Governing Council in Manila, the Administrator felt that the time had come for UNDP to take full control of the management of its resources.

358. Consultants having an international reputation in the field of banking and accounting with, however, no previous or current relationship with the United Nations or UNDP had been engaged in the autumn of 1974 with the agreement of the United Nations to review the issue of custodianship of UNDP funds. The group considered all points of view and received considerable additional data in connexion with their review. Their draft report was received only in December, thus accounting for the delay in the distribution of the Administrator's report to the Council, which had been based on the consultants' findings.

359. The consultants had made 63 recommendations, some of which were to be carried out solely by UNDP with others to be implemented either by the United Nations alone or jointly by the United Nations and UNDP. As stated in paragraph 9 of document DP/94, it was the consultants' opinion that the final and total decision for the investment of UNDP resources should be vested in UNDP. The experts recommended, however, that the cashiering functions, as ordinarily understood in banking terms, should continue to be provided by the United Nations.

360. After detailed study of the report, the Administrator directed that UNDP take immediate steps to carry out those recommendations applicable to it which could be implemented under existing authority. The United Nations had raised no objection to the acceptance of the major recommendations and had agreed that joint studies should be undertaken by the United Nations and UNDP in order to develop the best ways to implement all of the recommendations of the consultants. Therefore, in consultation with the United Nations, UNDP would participate in a task force to examine in detail the various consultants' proposals in order to present another report to the ACABQ in May and to the Governing Council in June on the subject of custody of UNDP funds. With respect to the request to upgrade the three positions in the UNDP Treasury Section, the Assistant Administrator stated
that it was essential for the Section to have the necessary competence and authority to deal with banks and other financial institutions on the complex financial and currency management problems involved in the effective administration and investment of UNDP funds. The Assistant Administrator concluded by stating that consolidation of investment functions, as recommended by the consultants, in the UNDP Treasury Section would not only prevent confusion and duplication of work between the United Nations and UNDP, but implementing the major recommendation of the consultants could result in sizable additional investment income to UNDP from the improved management of its resources.

Summary of discussion in the Committee

361. Several members referred to paragraph 7 of document DP/94 and stated that they felt that the advantages of leaving the control of UNDP funds with the United Nations were greater than the disadvantages since fragmentation of an important United Nations service would be prevented. It was noted that the Economic and Social Council was trying to effectively co-ordinate the activities of the United Nations and that the recommendations of the consultants which called for the transfer of control of UNDP funds from the Secretary-General of the United Nations to the UNDP Administrator were not convincing. Although agreeing with the view of the consultants that the responsibility for the investment must rest with one person and should not be shared, it was felt that such person should be the Secretary-General. However, several other members supported the consultants' recommendation for transferring the custodianship of UNDP funds to the Administrator. It was also stated that the Budgetary and Finance Committee should not think in terms of UNDP but the United Nations, and that the recommendations of the consultants should be designed to benefit the whole system. It was stated that the present system under which the United Nations was responsible for the investment of UNDP funds should be retained.

362. A number of members felt that the comments of the ACABQ should be obtained before taking a final decision on the question of custodianship of UNDP funds. However, attention was drawn by some members to the fact that the United Nations had raised no objection in the Committee to the major recommendations of the consultants.

363. A number of members expressed support for the consultants' recommendations. One member urged that UNDP funds should be invested in development-oriented activities and suggested that UNDP should only make its investments in sound currencies. Another member stated that the Administrator should also consider the possibilities of taking over the cashiering functions for UNDP activities. Several members felt that the Administrator must have control of UNDP funds if he was to be held fully accountable for the resources of the Programme. It was suggested that a decision should be taken at the present session approving the transfer of custody of UNDP funds and that a progress report could be made available either in June 1975 or in January 1976. The point was advanced that the target date of 31 December 1975 should be set for carrying out all of the consultants' recommendations, and that a report containing a table showing the modalities worked out between the United Nations and UNDP should be provided to the Committee at the next session of the Council.

364. Attention was drawn to the fact that the composition of the group of
consultants was somewhat restrictive and that perhaps it would have been desirable for the group to have been more representative of the varied geographical composition of the United Nations as a whole.

365. On the subject of upgrading the three positions in the UNDP Treasury Section, the consensus was to defer consideration of this matter until such time as the final decision on the question of the transfer of custodianship was to be taken and after the ACABQ had considered the matter.

Observations of the Administration in the Committee

366. The Assistant Administrator, Bureau of Administration and Finance, expressed appreciation for the financial support Governments had given to the Programme over the years and urged them to continue the practice of making their payments as soon as possible. He referred to the present liquidity situation of the Programme, which was of constant concern to UNDP and noted that it was UNDP which was obliged to approach Governments regarding the payment of their pledges in order to ensure that delivery was not hindered because of lack of funds. He stated that the Administrator had directed him to say that it was now the time for a frank discussion on the issue of custody of UNDP funds. The Administrator had very carefully considered the recommendations of the consultants and was prepared to strongly support those recommendations before the Council. He reaffirmed the Administrator's view that voluntary contributions provided by donors to UNDP should be used exclusively for development-related purposes. He noted that UNDP operated many essential independent services and that it had its own Financial Regulations and Rules. UNDP had also recently become an important Executing Agency. UNDP needed and desired the Committee's agreement in principle that the Administrator should have the full authority over UNDP funds and the final decision in the investment of UNDP funds.

367. In reply to a question raised, the Assistant Administrator stated that the specifics of the 63 recommendations of the consultants, together with an analysis of their impact on UNDP, would be presented to the Committee in June in response to its request. He added that UNDP had already put into effect some of the recommendations which were applicable solely to UNDP. On another question raised, he informed the Committee that UNDP always considered the security factor before instructing the United Nations regarding the placement of its funds. On the subject of information which would be available to the Council after the transfer of the control of UNDP funds to UNDP, he added that the Administrator would prepare and submit any type of detailed analyses of its financial position desired and that consultations would be held with the United Nations Board of Auditors in this regard.

368. The reason that the consultants had recommended leaving the cashiering function with the United Nations was that that function was largely clerical and would probably be expensive to duplicate. By taking note of the Administrator's report, the Committee would be considered to have agreed that UNDP should work out the modalities for the future management of UNDP funds. ACABQ would have an opportunity to review the final arrangements before a report was presented to the Council at its next session. On the question of the reclassification of positions in the UNDP Treasury Section, he added that it was a rather small element in the over-all manner in which the Administrator wanted to implement the consultants'
recommendations and the additional cost of the reclassification proposed would amount to $9,700 per year.

Decision of the Governing Council

369. At its 464th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having reviewed document DP/94 and heard the additional explanations and comments by the Administration, and taking into account the observations made by the members of the Committee,

1. Decides that consideration of the question of the custodianship of UNDP funds be resumed at its twentieth session;

2. Expresses the wish to have at its disposal in due course the report of ACABQ and a more complete report on the various recommendations of the consultants;

3. Considers it inappropriate for the reclassification of posts proposed in document DP/94 to be carried out at this time.

E. UNDP ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES BUDGET

1. Supplementary budget estimates for 1974

370. The Budgetary and Finance Committee had before it the report of the Administrator (DP/95) on the supplementary budget estimates for 1974 for administrative and programme support services of UNDP.

371. In introducing this item in the Committee, the Director of the Division of Finance summarized the factors that had led the Administrator to seek net supplementary estimates of $3,176,000 over the net appropriation of $40,658,100 approved by the Council for the year 1974. He informed the Committee that the increase in the estimates requested for the financial year 1974 were attributable to the following factors:

(a) Increases in the salary rates of the New York General Service staff and increases in salary rates for field local staff which had so far been approved and the related additional appropriations required to cover the organization's Pension Fund contributions for field local staff which were not foreseen either in the initial or in the revised budget estimates;

(b) Mandatory increases, beyond the control of the Administrator, in the costs of travel, installation, freight, etc., and the impact of such increases in costs on staff entitlements such as home leave travel, travel on reassignments, recruitment, separation and installation;

(c) The effect of inflation and other factors outside the control of the
Administrator which could not be absorbed within the approved level of the revised 1974 estimates without an effect on the over-all effectiveness of the programme; and

(a) Reimbursement of national income taxes, which were underestimated for both the years 1973 and 1974.

372. He also noted that the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had reviewed the Administrator's 1974 supplementary estimates and had no objection to them in the light of the Administrator's statement contained in paragraph 2 of document DP/95 that every effort had been made to absorb the additional requirements resulting from inflation and other increases within the level of the approved budget for 1974.

Summary of discussion in the Committee

373. In response to questions from members of the Committee, the Director of the Division of Finance indicated that the unusually high increase in the estimates requested for separation payments was due to the higher rate of retirement experienced by UNDP and the fact that UNDP had been employing more staff on a fixed-term basis who were thus entitled to these payments when they were separated from the service. The increase in the turnover of staff also affected the requirements needed to cover the cost of travel of staff on appointment, reassignment and separation. Another factor which had contributed to the deficit anticipated under this item was the larger number of staff rotated during 1974 to carry out the decentralization of programming functions to the country level. The Director of the Division of Finance also confirmed the impression of one member that any change in tax rates in countries whose nationals were entitled to tax reimbursement by UNDP affected UNDP's estimates for reimbursement of national income taxes.

374. One member drew attention to the rising administrative costs and expressed the hope that the Administrator would follow a policy of economy.

Decision of the Governing Council

375. At its 464th meeting, the Governing Council on the recommendation of the Budgetary and Finance Committee and subject to the comments and observations made in the Committee, adopted the following decision:

The Governing Council

1. Approves the 1974 supplementary estimates for administrative and programme support services of the United Nations Development Programme in a total amount of $3,176,000 (net) as contained in document DP/95 under the following appropriation sections:
2. In order to finance these requirements, authorizes an allocation in the amount of $3,176,000 (net) from the resources of the United Nations Development Programme.

2. Revised budget estimates for 1975

376. The Budgetary and Finance Committee had before it the report of the Administrator on the revised budget estimates for administrative and programme support services for the year 1975 (DP/96) and the related comments of the ACABQ (DP/99).

377. In his opening statement on this item, the Director, Division of Finance, outlined the recent developments and those occurrences not foreseen when the initial 1975 estimates were prepared which gave rise to the 1975 revised estimates request. In broad terms these elements were:

(a) The decision of the General Assembly approving an increase in salaries and related allowances for staff in the Professional and higher categories in the United Nations system;

(b) The need for establishing new UNDP offices, particularly in the recently independent liberated countries in Africa;

(c) The result of a review by the Administrator of UNDP and the Director-General of FAO which led to a proposal to provide four additional Senior Agricultural Advisers and eight supporting staff to strengthen sectoral support in 1975, particularly in the Sudano-Sahelian countries;

(d) The need for $500,000 in consultant funds specifically to assist Resident Representatives to secure technical expertise, when this was not available in their offices as part of the regular establishment, to speed up programme implementation and to increase the effectiveness of the field offices to cope with increased decentralization of programming and implementation functions to these offices;
(e) Other requirements not foreseen at the time the 1975 estimates were prepared such as increases in the salary scales of the field service category, cost of UNDP participation in the International Civil Service Commission, the UNDP share of the costs of expanding the capacity of the New York–Geneva leased channel, special translation costs, reimbursement to the United Nations for costs of additional security arrangements for its New York office, the costs of establishing a typing pool and the underestimation of requirements for reimbursement of national income tax.

378. The Director, Division of Finance, also informed the Committee that the Administrator's 1975 revised net total estimates of $49,008,700 contained in document DP/96 could be further reduced by a net total of $266,700 for a new revised net total of $48,742,000. Of the reduction of $266,700, an amount of $187,000 was attributable to the decision of the General Assembly not to incorporate two classes of post-adjustment in the base salary scale of staff in the Professional and higher categories and $79,700 due to the reduction made by the Assembly to the appropriations initially requested by the Secretary-General to cover the cost of the International Civil Service Commission and consequently in the UNDP's share of the costs of the Commission.

Summary of discussion in the Committee

379. During the discussion, several members expressed support for the opinion of the ACABQ that Financial Rule 111.8, which provided that supplementary estimates may be submitted by the Administrator to the Governing Council at its June session, did not provide a basis for the submission of revised estimates to the Governing Council in January. Some members, while expressing support for the opinion of the Advisory Committee regarding the timing of the submission of the 1975 revised budget, felt, however, that Financial Rule 111.8 should not be construed so strictly as to prevent the Administrator from requesting additional resources for activities of an urgent nature such as the opening of new offices in the newly independent countries and liberated areas and for additional sectoral support advisers for the Sudano-Sahelian region. However, they felt that the other requests for additional resources contained in document DP/96 were not so urgent that they could not be deferred to the June session of the Council. Others, however, felt that Financial Rule 111.8 should be interpreted strictly and that the Administrator's revised budget request should be received by the Committee for information with action deferred to the June session of the Council.

380. The Committee expressed support for the Administrator's proposal to establish new UNDP offices in the recently independent and liberated areas in Africa. Support was also expressed for the Administrator's proposal to open a suboffice in Abu Dhabi and to upgrade the suboffice in Oman to a fully independent office status. Support was also expressed for the Administrator's request for four additional Senior Agricultural Advisers and eight supporting staff for the Sudano-Sahelian region on the understanding that the additional resources provided would be utilized to provide increased sectoral support to this region. In this regard, the Administrator was urged to keep under constant review the assignments of the Senior Agricultural Advisers currently provided from UNDP's establishment so as to ensure that such staff were assigned to offices in accordance with the needs of the developing countries.
381. With respect to the Administrator's request for $500,000 to provide specifically for short-term consultants to assist the Resident Representatives, several members indicated their concurrence with the reservation made by the ACABQ on this item. In this regard, some felt that the proposal as described in document DP/96 was too vague to assist them to reach a proper decision and requested that more details about the precise functions of the proposed consultants be provided. Others felt that they could not support the Administrator's proposal because they felt that the specialized agencies could provide the necessary expertise. Some members felt that since such assistance was, in their view, essentially pre-project in nature, the cost of providing the assistance should be charged to the countries' indicative planning figures and not to the administrative budget. One member felt that only if all these possibilities had been explored fully by the Administrator could a recourse to the use of short-term consultants be justified for the sake of speeding up implementation. One representative of a specialized agency indicated that his agency had some misgiving concerning the Administrator's proposal since, from the description of the proposal contained in document DP/96, it was not clear whether the expertise required by the Resident Representative would be essentially technical or administrative in nature. If, however, the nature of expertise required was to be essentially technical in nature, he felt that the approval of the proposal might re-open debate on the responsibility of the agencies to provide the expertise falling within their respective purview. In this regard, he noted that since the expertise of his agency was always available to the Resident Representatives at their request, he would welcome the opportunity of discussing with UNDP the implications of the proposal on his agency.

382. As regards the increase in the estimates of $120,000 requested for the external translation costs of country programme documents, views were expressed to the effect that the Administrator should continue in his efforts to contain the volume of such documents and to take any steps necessary to lower the translation costs.

383. With respect to the net additional requirements of $63,000 requested for the establishment of a typing pool, some members noted that while the basis for the establishment of the pool indicated that some savings would result under temporary assistance and overtime, no information was, however, provided on the amount of savings that was expected. One member suggested that the increased cost for a more versatile telecommunications facility should lead to savings in general communications costs.

384. In response to the comments made on the timing of the submission of the June 1975 revised estimates, the Director, Division of Finance, explained that the difference between a revised estimate and a supplementary estimate was the timing of the submission of the estimates since both of them dealt with requests for additional supplementary appropriations. He noted that the term revised estimate was normally used to cover additional appropriations for the forthcoming financial year before the commencement of that financial year whereas the term supplementary estimate was normally used to identify additional appropriation requests for the financial period which was already well under way or almost completed. He noted that Financial Rule 11.8, providing that supplementary estimates may be submitted to the June session of the Council, was permissive and it was felt that this course of action was desirable. Furthermore, since the Administrator wished to seek the approval of the Council at this session for additional agricultural
advisers for the Sudano-Sahelian region, he thought the Council would also wish to have in one comprehensive report his other requirements, rather than deal with them in a piece-meal fashion, since most of the additional requirements were not only mandatory in nature, but had also arisen after the initial 1975 estimates were approved.

385. The Assistant Administrator, Bureau of Administration and Finance, assured the Committee that the additional agricultural advisers would be assigned to the Sudano-Sahelian region.

386. With respect to the item on special translation costs, the Director, Division of Finance, assured the Committee that the Administrator would continue his efforts to reduce these costs to the minimum necessary. As regards the savings that may accrue from the establishment of a typing pool, the Director indicated that he could not provide at this time an estimate of the savings anticipated until the pool had been in operation for some time in order to assess its effectiveness.

387. With respect to the proposal to provide short-term consultants to assist Resident Representatives, the Administrator and the Assistant Administrator explained that with the further decentralizing of responsibilities of the programming functions to the field, the Administrator had been very impressed with the view of the Resident Representatives that they would require short-term consultants to assist them to speed up programme implementation. In that regard, it was noted that not all agencies had representatives in all field offices. Even in offices where there were agency representatives, the need for short-term consultants would still arise as each agency representative could not be expected to provide the necessary expertise to cover the whole spectrum of activities falling within the purview of that particular agency. In so far as the Administrator had established his Resident Representatives at the centre of UNDP's operations, he felt that he would be remiss if he did not provide them with funds to enable them to obtain the necessary expertise essential to them in carrying out their responsibilities effectively. In that regard, the Administrator indicated that information could not be provided with any precision currently as to the amounts that would be spent on pre-project activities and those that would be spent on project implementation. In the light of the many reservations made regarding consultants, the Assistant Administrator suggested that necessary costs be charged to a suspense account financed temporarily from the Programme Reserve and that the Administrator would provide a more detailed report to the twentieth session of the Council in June 1975, at which time the Council could decide the appropriate financing method. On the financial arrangements suggested, it was felt that the Administrator could proceed with those arrangements on an interim basis. In that regard, the Administrator was urged to keep the costs for short-term consultants in 1975 to a minimum. One member supported the Administrator's request on the ground that short-term consultants could be of considerable benefit to the least developed countries.

Decision of the Governing Council

388. At its 465th meeting, the Governing Council, on the recommendation of the Budgetary and Finance Committee, and taking into account the comments and observations expressed in the Committee, adopted the following decision:
The Governing Council,

1. Requests the Administrator to take note of the comments and observations made by the Advisory Committee on Administrative and Budgetary Questions in document DP/99 as well as those made in the Budgetary and Finance Committee with respect to the application of Financial Rule 111.8 on the submission of supplementary estimates;

2. After having noted the explanation offered by the Administrator, decides on an exceptional basis to consider at the nineteenth session the proposals contained in document DP/96;

3. Subject to the reservations expressed in the Committee concerning the proposed estimates of $500,000 for short-term consultants to assist Resident Representatives and after noting the provisional arrangements proposed by the Administration with regard to financing short-term consultants pending the final decision of the Governing Council in this regard, requests the Administrator to submit a report on this matter to the twentieth session of the Governing Council;

4. Approves the supplementary budget estimates for administrative and programme support services for 1975 in a total amount of $4,176,700 (net) as submitted in document DP/96, taking into consideration the reduction of $266,700 (net) indicated by the Director, Division of Finance, as well as on proposed estimates of $500,000 for short-term consultants referred to under paragraph 3 above, under the following appropriation sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salaries and wages</td>
<td>$2,809,800</td>
</tr>
<tr>
<td>2. Common staff costs</td>
<td>$1,460,000</td>
</tr>
<tr>
<td>3. Travel and transportation</td>
<td>$65,000</td>
</tr>
<tr>
<td>4. Permanent equipment</td>
<td>$167,000</td>
</tr>
<tr>
<td>5. Other general expenses</td>
<td>$229,600</td>
</tr>
<tr>
<td>6. Special expenses</td>
<td>$125,300</td>
</tr>
</tbody>
</table>

Total gross $4,856,700

Less:

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Estimated income</td>
<td>$680,000</td>
</tr>
</tbody>
</table>

Total net $4,176,700

5. In order to finance these supplementary estimates, authorizes an allocation in the amount of $4,176,700 (net) from the resources of UNDP;

6. Urges the Administrator to continue to explore the possibilities of reducing future special translation costs;

7. Urges the Administrator that particular attention be given to achieve savings in temporary assistance and overtime as a result of the use of the typing pool.
3. Feasibility of introducing a biennial budget cycle and general outline of budget estimates for 1976

During its consideration of item 16(d), the Budgetary and Finance Committee had before it the note of the Administrator on the feasibility of introducing a biennial cycle for the UNDP administrative and programme support services budget (DP/80/Add.1) and another note on the general outline of budget estimates for administrative and programme support services for the year 1976 (DP/80 and Corr.1).

The Deputy Administrator (Administrative), in introducing the item on the general outline of budget estimates for administrative and programme support services for the year 1976, noted that world-wide inflation and the impact of mandatory increases would no doubt continue to be an influential factor affecting the Administrator's efforts for containing and whenever possible reducing administrative costs. He indicated that the level of $54.7 million (net) projected for 1976 was based on the assumption of an average inflation rate of approximately 8 per cent and other requirements of a mandatory nature of about 3 to 4 per cent mostly related to annual salary increments and salary rate adjustments, other staff entitlements in accordance with existing United Nations Regulations and Rules, additional costs in respect of the new proposed sectoral advisers and the impact of a full year's cost for the new offices to be opened during the second half of 1975.

He further indicated that, although UNDP's organizational structure and manpower needs had reached a relative degree of stability, further refinements might prove to be essential in order to respond to changing needs. In that connexion, the Deputy Administrator enumerated the various steps envisaged which were aimed at further stabilizing the staffing and organizational structure of UNDP, the foremost of which was that while the Administrator did not foresee an expansion in staff resources, there might be some redeployment of staff, especially to strengthen UNDP's programme policy activities and field offices in some of the least developed countries. He referred to measures designed to increase the substantive role of the Regional Bureaux at headquarters and also, as a consequence, indicated that it might be necessary to upgrade, on a limited basis, certain posts in the Bureaux. He added, however, that the financial implications resulting from such upgradings would be largely offset by savings which might result from the contemplated increased utilization in the field offices of national staff for professional tasks.

In introducing the item relating to the feasibility of introducing a biennial cycle for the UNDP administrative and programme support services budget, the Assistant Administrator, Bureau of Administration and Finance, informed the Committee that, since the issuance of the note on the subject, the Administrator had become convinced of the desirability to defer the consideration of this question to a later session of the Governing Council as a result of his discussions with the Secretary-General of the United Nations and with the officials from specialized agencies, in addition to the fact that current economic conditions made it difficult to estimate with any degree of precision the requirements for a two-year period.
Summary of discussion in the Committee

393. Several members, while expressing appreciation for the Administrator's continuing efforts to contain the level of administrative costs, nevertheless expressed concern that the projected costs for 1976 amounted to some 14.6 per cent in relation to the projected field programme costs, a percentage which they felt was too high. In that regard, it was suggested that the Administrator should consider the possibility of making separate provision for certain activities of a programme nature currently included in the administrative budget, such as the costs of sectoral support to Resident Representatives, since the inclusion of these elements in the Administrative budget had unduly contributed to the high percentage of administrative costs when compared to field programme costs.

394. A few members expressed the view that the comments and observations of the ACABQ on the 1975 budget estimates should, as indicated in paragraph 7 of DP/80 and Corr.1, be taken fully into consideration by the Administrator when the detailed estimates for 1976 were prepared.

395. One member, while noting that administrative costs had increased substantially during the past years, expressed the hope that the Administrator would pursue a policy of economy and suggested that a detailed analysis of the budget by appropriation section should be provided to the Council. Another member suggested that information on the impact of inflation should be provided separately in the budget document.

396. Several members supported the Administrator's measures to upgrade the status and role of the Regional Bureaux at headquarters while one member expressed the view that the Administrator should proceed with caution in reclassifying posts.

397. Although the question of introducing a biennial cycle for the UNDP budget was not discussed in the Committee, one member drew attention to paragraph 2 of DP/80/Add.1, which he believed did not reflect the feeling of the Council at its eighteenth session.

398. The Deputy Administrator noted that it was misleading to compare the administrative budget as a percentage of programme implementation when more than two thirds of the administrative budget was attributable to providing programme support at headquarters and in the field. If the estimates related to programme support were excluded, the administrative budget would amount to about 4 per cent in relation to field programme costs. In this regard he stated that of the increase in administrative costs of some 34 per cent during the period 1973-1975, 29 per cent was attributable entirely to inflation and mandatory increases mainly related to salary rates adjustments, annual salary increments and other staff entitlements, with the balance attributable to other increases.

399. In response to questions raised during the discussion concerning the estimates in respect of the Senior Agricultural Advisers, it was explained that the reasons for the decrease in costs in 1976 as compared to 1975 was attributable to the infrastructure expenses that would be incurred in 1975 to install agricultural advisers in the field whereas similar expenses would not recur in 1976 in respect of those Advisers.

400. With respect to the expenses related to the relocation of the UNDP
headquarters offices to new premises in New York, the Assistant Administrator, Bureau of Administration and Finance, explained that it was not possible to provide any additional details at this moment since the arrangements for moving to the new premises were not yet finalized. He informed the Committee that, should it be possible to finalize arrangements for the move to the new premises in the next several months, the Administrator would submit a report on the costs involved to the twentieth session of the Governing Council. He informed the Committee that the relocation and installation costs might be substantial. In response to a question concerning a new communication system that was envisaged by the United Nations, the Assistant Administrator explained that the projected estimates for 1976 did not include provision for UNDP's share of the costs of participating in the new communication system.

401. Concerning the form of budget presentation and the suggestion that a separate presentation should be made for certain activities, mainly of a programme nature, the Assistant Administrator welcomed the views expressed on this matter in the Committee and indicated that the Administrator was prepared to review and explore the possibilities of moving in that direction.

402. In conclusion, the Deputy Administrator assured the Committee that the Administrator would take fully into account the comments and observations made by members of the Committee when formulating his 1976 budget estimates, as well as the comments and observations made by the ACABQ on the 1975 budget estimates.

Decision of the Governing Council

403. At its 465th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council

1. Takes note of document DP/80 and Corr.1, containing a general outline of the 1976 budget estimates for administrative and programme support services as well as the views and observations expressed thereon and the clarifications provided by the Administrator;

2. Recommends that, after having considered the pertinent portion of document DP/80/Add.1 dealing with the form of budget presentation, the budget might include a breakdown between administrative costs and programme support costs in order to provide better information on the use of UNDP funds;

3. Decides, after having heard the Administrator's views, to defer to a subsequent session of the Governing Council consideration of the feasibility of introducing a biennial cycle for the UNDP administrative and programme support services budget.

F. UNITED NATIONS CAPITAL DEVELOPMENT FUND

404. For its consideration of agenda item 16 (e), the Budgetary and Finance Committee had before it the report of the Administrator (DP/82) on the additional administrative costs of the United Nations Capital Development Fund (UNCDF) and the related report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (DP/99).
405. In introducing this item in the Committee, the Assistant Administrator, Bureau of Administration and Finance, informed the Committee that the United Nations Capital Development Fund had approved 12 projects at an average cost of $600,000 per project in the later months of 1974. At the time the estimates for the core secretariat of the Fund were reviewed by the ACABQ in December 1974, the ACABQ had assumed a much lower level of activity for the Fund. With the approval of 12 projects and a further pledge of 10 million kroner ($US 2,409,638) made by the Government of Sweden, he felt that the Fund's activity would increase significantly and would likely continue to do so for some time to come. In view of the change in circumstances since the review by the ACABQ, he felt that the Administrator's proposal for a core secretariat of four Professional and three supporting General Service staff for the Fund was a modest one, particularly when compared to staffing requirements for other multilateral lending institutions.

Summary of discussion in the Committee

406. Several members expressed support for the Administrator's proposal as contained in document DP/82 after noting that circumstances which led the ACABQ to recommend a lower estimate had changed significantly. The workload had to be measured in terms of the annual volume of project approvals and projects under preparation. Project expenditures had become quite substantial and there were better prospects for continuity in the programme as a result of recently pledged contributions. One member expressed the view that he would have preferred to provide a lower level of appropriations for consultants than that recommended by the ACABQ.

407. Some members felt that the grade levels of the new posts proposed by the Administrator were too high. One member noted, however, that several Resident Representatives in countries with indicative planning figures lower than funds available to the Fund for programme purposes were already graded at the D-1 level. In view of that, he felt that the grade levels of the new posts proposed by the Administrator were appropriate. Another member suggested that the expenses of the core secretariat should be borne by the Fund and not included in the UNDP administrative and programme support services budget. In that connexion, the Assistant Administrator, Bureau of Administration and Finance, indicated that UNDP had no view as to whether the administrative costs of the Fund were to be charged to the Fund itself or to the UNDP administrative and programme support services budget.

408. One member questioned whether the budget level was appropriate if most Fund resources had been committed to projects, and asked what criteria had been used to determine the level. That member sought assurance that the distinction between operational and administrative costs and their charge, respectively, to the UNCDF and to an administrative budget was being maintained in this proposal as had been the practice prior to 1975. The Assistant Administrator, Bureau of Administration and Finance, gave the Committee that assurance. The Assistant Administrator also explained that the budget had been prepared on the basis of 80 man-days of administrative work per project and gave examples of the functions involved.
Decision of the Governing Council

409. At its 464th meeting, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision:

The Governing Council,

Having taken cognizance of the report of the Advisory Committee on Administrative and Budgetary Questions (DP/99) and of the additional explanation by the Administrator concerning the status of the programme, and taking into account the observations of members of the Committee,

1. Approves the estimates for the secretariat of the United Nations Capital Development Fund in a total amount of $255,000 net as contained in document DP/82 to be included in the UNDP estimates for administrative and programme support services for 1975 under the following appropriation sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1 - Salaries and wages</td>
<td>209,200</td>
</tr>
<tr>
<td>Section 2 - Common staff costs</td>
<td>51,000</td>
</tr>
<tr>
<td>Section 3 - Travel and transportation</td>
<td>17,000</td>
</tr>
<tr>
<td>Section 4 - Office furniture and equipment</td>
<td>8,000</td>
</tr>
<tr>
<td>Section 5 - Other general expenses</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Total gross: 295,000

Less:

| Section 7 - Estimated income | (40,000) |

Total: 255,000

2. In order to finance these requirements, authorizes an allocation in the amount of $255,000 (net) from the resources of the United Nations Development Programme.
CHAPTER XV

DRAFT STATUTE FOR THE PROGRAMME

410. Under item 12 of the Governing Council's agenda, the Working Group established by the Council at its fifteenth session continued its consideration of the draft statute. The Working Group had before it document DP/76 which showed the results of the deliberations of the Working Group at the Council's seventeenth session and which comprised the texts of articles provisionally accepted as well as those deferred. The document also included proposed amendments to the deferred texts, taken from conference room papers of the Working Group at the seventeenth session and from written communications subsequently submitted by members of the Group.

411. At the 462nd meeting of the Governing Council, the Chairman of the Working Group reported orally on the results of its deliberations during this session. He stated that at its 23rd meeting on 13 January 1975, the Working Group heard an introductory statement by its Chairman in which he summarized the status of the draft statute and requested the views of members on how best to proceed with further consideration of the deferred texts. One member suggested that further consideration be postponed pending the outcome of informal consultations among the various delegations concerned. The members of the Working Group agreed to this procedure.

412. At its 24th meeting on 27 January 1975, the Working Group reconvened to consider the progress made as a result of the informal consultations. The Chairman reported to the members of the Working Group that, on the basis of the consultations he had had with delegations, disagreement on the texts of the deferred articles remained. He suggested that, in view of the lack of movement in this respect, and in further view of the limited time remaining in which the draft statute might profitably be discussed, further consideration be deferred to a subsequent session of the Council.

413. In the ensuing discussion, several members expressed their disappointment at the lack of progress and two members urged that an effort still be made at the present session to reach accord on at least some of the problem texts. Other members, while indicating their willingness to consider those deferred articles, doubted that further consideration at this session would prove fruitful. Another member proposed that informal, intersessional consultations among interested delegations be arranged by the Administrator. Most of the members, however, agreed that the limited time remaining did not permit the hope that substantial progress could be achieved. They stressed particularly that the forthcoming seventh special session of the General Assembly might well result in decisions which would have a direct bearing on the structure of the United Nations development system as a whole and which, consequently, would have to be taken into account with respect to the finalization of the text of the draft statute.
 Accordingly, the members of the Working Group agreed with the proposal of the Chairman that further consideration of the draft statute be deferred to subsequent sessions of the Council, pending the outcome of informal, intersessional consultations among members arranged by the Administrator and taking into account relevant decisions reached by United Nations bodies in the interim.

Summary of discussion

415. One member of the Council expressed his regret that no further step forward had been taken in the direction of reaching agreement on the draft statute. Recognizing that the seventh special session of the General Assembly might result in some changes which would affect UNDP, he stated, nevertheless, that this was not reason enough to delay further efforts to bring the statute into being. He reiterated his view that some progress might have been possible.

416. Referring to the report of the Chairman of the Working Group, the member remarked that no specific date had been set for the subsequent consideration of the draft statute. He suggested that it be taken up again at the twenty-first session of the Council, in January 1976.

Decision of the Governing Council

417. At its 462nd meeting, the Governing Council decided that further consideration of the draft statute be deferred to its twenty-first session, pending the outcome of informal, intersessional consultations among members to be arranged by the Administrator, at which time relevant decisions reached by United Nations bodies in the interim would be taken into account.
418. At its 464th meeting, the Governing Council decided to hold its twentieth session in Geneva from 11 to 27 June 1975. At the same meeting, it decided that its Budgetary and Finance Committee, as well as an ad hoc working group on the United Nations Revolving Fund for Natural Resources Exploration, would convene prior to the Council, on 9 June 1975, also in Geneva.

419. At its 464th meeting, the Governing Council also agreed on the provisional agenda for the twentieth session, as follows:

1. Opening of the session
2. Adoption of the agenda
3. General review of programmes and policies of UNDP:
   (a) Annual report of the Administrator for 1974 including the United Nations Capital Development Fund and United Nations Volunteers;
   (b) Action by UNDP in response to General Assembly resolution 3202 (S-VI) on the Programme of Action on the Establishment of a New International Economic Order and UNDP's contribution to the mid-term review and appraisal of the International Development Strategy;
   (c) The future role of UNDP in world development in the context of the preparations for the seventh special session of the General Assembly;
   (d) Project implementation;
   (e) Progress report on the drought-stricken area of Africa and adjacent areas;
   (f) Report of the Administrator on action taken in favour of colonial countries and peoples;
   (g) Programme resources and costs outlook for 1977-1981;
   (h) Decentralization of the activities of UNDP (General Assembly resolution 3252 (XXIX));
   (i) Measures adopted by the Administrator, together with the Secretary-General, to publicize widely the report of the Working Group on Technical Co-operation among Developing Countries.
4. Programmes and projects
5. Budgetary, financial and administrative matters:
   (a) Financial outlook of UNDP through 1976 and comprehensive report on financial activities during 1974;
(b) Audit reports and accounts
(c) Budget estimates
(d) Custodianship of UNDP funds
(e) Financial implications of regional meetings and the symposium on technical co-operation among developing countries
(f) Excess overhead costs drawn by executing agencies

6. United Nations Fund for Population Activities
7. United Nations Revolving Fund for Natural Resources Exploration
8. Standard Agreement with Governments
9. United Nations technical co-operation activities
10. Information on the regular programmes of technical assistance in 1974 of the specialized agencies and the International Atomic Energy Agency
11. Other matters
12. Date and provisional agenda for the twenty-first session of the Governing Council
13. Draft report of the Governing Council to the fifty-ninth session of the Economic and Social Council

420. It was noted that separate documents would be submitted on most of the subitems under item 3, including separate reports under subitems (e) and (f) of item 3.

421. It was also agreed that under item 7, the Council would consider as a separate subitem projects submitted by the Administrator under the United Nations Revolving Fund for Natural Resources Exploration in accordance with the decision taken by the Council at its 463rd meeting.

422. Referring to its decision on action by UNDP in response to General Assembly resolution 3202 (S-VI) (see para. 125 above), the Governing Council authorized the Administrator to approach member Governments, drawing their attention especially to paragraph 4 of that decision.
ANNEX

REPRESENTATION AT THE NINETEENTH SESSION

Members of the Governing Council

Argentina, Austria, Belgium, Brazil, Bulgaria, Canada, Central African Republic, Chad, Chile, China, Cuba, Dahomey, Denmark, Finland, France, Germany (Federal Republic of), Ghana, Guyana, Hungary, India, Indonesia, Iran, Italy, Jamaica, Japan, Kuwait, Lesotho, Malawi, Malaysia, Malta, Morocco, Netherlands, New Zealand, Niger, Norway, Pakistan, Philippines, Peru, Poland, Somalia, Sri Lanka, Sudan, Sweden, Switzerland, Togo, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

States represented by Observers

Algeria, Bahrain, Barbados, Bhutan, Colombia, Czechoslovakia, Dominican Republic, Egypt, Ethiopia, Equatorial Guinea, German Democratic Republic, Guinea, Ireland, Israel, Ivory Coast, Liberia, Libyan Arab Republic, Mongolia, Portugal, Romania, Rwanda, Syrian Arab Republic, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Upper Volta, Venezuela, Yugoslavia.

United Nations bodies


Specialized Agencies


Other intergovernmental organizations

European Economic Community, Inter-American Development Bank, Organization of African Unity, Organization of American States, Organization for Economic Co-operation and Development (Development Assistance Committee).
African National Liberation Movements

African National Congress (ANC South Africa), African National Council (ANC Zimbabwe) (formerly ZANU and ZAPU), Frente National para a Libertação de Angola (FNLA), Front de libération de la côte des Somalies (FLCS), Mouvement de libération de Djibouti (MLD), Mouvement de libération national des Comores (MOLINANO), Movimento de Libertação de São Tomé e Príncipe (MLSTP), Movimento Popular de Libertação de Angola (MPLA), Pan Africanist Congress (PAC South Africa), South West African People's Organization (SWAPO).