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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

Report of the Administrator

Summary

In response to decision 79/7 of the Governing Council, the Administrator is reporting on the activities of the United Nations Special Fund for Land-locked Developing Countries. The report draws the attention of the Council to the low level of resources for the Fund. It further reports on activities approved in 1979 and briefly indicates the results of the projects completed in 1979. The Administrator further refers to the potential assistance requirements of the land-locked countries. Other measures financed by UNDP to alleviate transit-transport problems of land-locked countries are summarized.

The Administrator is recommending that the Governing Council request Governments to review their position towards the Fund and reiterate its earlier appeal to Governments and international organizations to contribute generously to the Fund.

I. INTRODUCTION

1. This report is in response to Governing Council decision 79/7 on the United Nations Special Fund for Land-locked Developing Countries 1/ in which the Governing Council, inter alia requested the Administrator to report at its twenty-seventh session on the activities of the Fund. In accordance with the special responsibility given to the United Nations Conference on Trade and Development (UNCTAD) in connexion with the development and operation of the Fund, the Administrator has consulted with the Secretary-General of UNCTAD in the preparation of this report.
2. The report deals successively with the arrangements for the Fund, the activities being financed, potential assistance requirements and other measures taken by UNDP for the land-locked developing countries.

III. ARRANGEMENTS FOR THE FUND

3. To facilitate the programming, approval and implementation of assistance provided by the Fund, consolidated operational procedures for the Fund were issued by the Administrator. Based on the relevant resolutions of the General Assembly and on decision 25/15 of the Governing Council 2/, these procedures, insofar as they relate to projects assisted by the Fund, are identical to those used for UNDP-financed activities, except where this was not feasible because of the special characteristics of the Fund (e.g., need for consultation with UNCTAD on all project proposals; financing on a full-funded basis, etc.).
4. As endorsed by the Governing Council, Governments were invited to announce their contributions to the Fund, for the period 1 January to 31 December 1980, at the 1979 United Nations Pledging Conference for Development Activities. In spite of the appeals by the General Assembly, the fifth session of UNCTAD 3/, and the Governing Council to Member States to contribute generously to the Special Fund, the total pledges for 1980 announced at the Pledging Conference amounted only to the equivalent of \$20,300. Subsequent pledges increased the total contribution for 1980 to \$26,400.
5. The General Assembly, in its resolution 34/209 of 19 December 1979, reiterated its earlier appeal to all Member States, in particular the developed countries, as well as international organizations and multilateral financial institutions, to contribute generously to the Fund at the forthcoming United Nations Pledging Conference for Development Activities.

1/ See Official Records of the Economic and Social Council, 1979, Supplement No. 10 (E/1979/40), annex I.

2/ See Official Records of the Economic and Social Council, 1978, Supplement No. 13 (E/1978/53/Rev.1), Chapter XX.

3/ See resolution 123 (V) of 3 June 1979 in TD/268, part one, section A.

6. As at 31 December 1979, the total amount of voluntary contributions to the Fund (including pledges for 1980) amounted to \$759,600. Of this amount, \$672,100 had been received, while pledges amounting to \$53,700, \$8,400 and \$25,400 remained to be collected for 1978, 1979 and 1980 respectively.

7. In connexion with the extremely low level of the total resources of the Fund and in view of the fact that virtually the totality of the resources actually received thus far by the Fund have been programmed or spent (see section III below), the Administrator wishes to bring to the attention of the Council, paragraph 1 of General Assembly resolution 34/209 of 19 December 1979 which urges, "all Governments, in particular those of developed countries, to review their position towards the United Nations Special Fund for Land-locked Developing Countries, giving due consideration to the special constraints affecting the land-locked developing countries in their efforts towards economic and social developments and to their needs for additional assistance to overcome such constraints, particularly with respect to transport, transit and related difficulties."

8. The fifth session of UNCTAD invited the Administrator "to ensure that the resources of the Special Fund are used in ways which are in addition to, and generally different from, the types of activities which UNDP normally finances."^{4/} While the Fund is already financing activities different from those which UNDP normally finances ^{5/}, the Administrator wishes to note that in the absence of further Special Fund resources, and because they considered the type of projects financed by the Special Fund to be of the highest priority, the Governments of the land-locked developing countries in one region specifically requested that the regional Indicative Planning Figure (IPF) be used to finance activities which would otherwise be eligible for assistance by the Special Fund.

9. The Administrator strongly hopes that additional resources will be forthcoming for the Fund and, especially, that those developed countries which have earlier expressed their reservations about the need for a special fund for the land-locked developing countries will reconsider their position with regard to the Special Fund, as already urged by the General Assembly.

^{4/} See resolution 123 (V), paragraph 9 (c).

^{5/} The project to strengthen the storage and provisional handling facilities at the port of Calcutta in India for transit traffic of Nepal is a good example.

III. ACTIVITIES BEING FINANCED

(a) Approved projects

10. In addition to the projects which were already reported to the Council as approved 6/, the Administrator approved the following projects:

Afghanistan: Rehabilitation of Transit Warehouses at Torghundi Railway Station

Objective: To repair two existing warehouses and to construct one new transit warehouse at the Torghundi railway station.

Executed by: United Nations

Fund contribution: \$79,800 (including Executing Agency support costs)

Botswana: Feasibility Study on the Viability of a National Airline

Objective: To provide guidelines for the future development and planned growth of the National Airline and to advise on its future structure and organization; to determine the role of air transport in the land-locked economy of Botswana; and, to recommend the most economical organization for civil aviation in the country.

Executed by: International Civil Aviation Organization (ICAO)

Fund contribution: \$22,600 (including Executing Agency support costs)

Lao People's Democratic Republic: Improvement of Transit Services

Objective: To provide a hauling truck which, in combination with already available trailers, can increase transit shipments across the Mekong River by 10 per cent daily.

Executed by: Government

Fund contribution: \$30,000

6/ See DP/387, paragraph 10.

Malawi: Establishment of Shippers' Council of Malawi

Objective: To establish the Shippers' Council of Malawi as the official body for negotiating and monitoring freight rates and shipping services with Conference lines serving Malawi.

Executed by: UNCTAD

Fund

contribution: \$17,100 (including Executing Agency support costs)

Mali: Special Adviser in Trade Planning

Objective: To improve foreign trade policy and planning and to co-ordinate activities related to trade promotion, transport and transit.

Executed by: UNCTAD

Fund

contribution: \$70,000 (including Executing Agency support costs)

Rwanda: Air freight handling equipment

Objective: To improve the air freight handling capability at the Kigali airport by the provision of specialized equipment.

Executed by: UNCTAD

Fund

contribution: \$52,400 (including Executing Agency support costs)
Supplementary assistance of \$50,000 is envisaged for this project.

Swaziland: Training in Civil Aviation

Objective: To strengthen the Civil Aviation Branch through the training of its personnel so that it can undertake the responsibilities resulting from increased air transport activities and provide services and facilities in accordance with international standards and requirements.

Executed by: ICAO

Fund

contribution: \$68,400 (including Executing Agency support costs)

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Zambia: Provision of Storage Facilities

Objective: To improve existing storage facilities and to construct a small store for general cargo at two railroad stations.

Executed by: UNCTAD

Fund contribution: \$79,800 (including Executing Agency support costs)

11. The above approvals, together with supplementary assistance for the Phuntsholding Ropeway Feasibility Study Project in Bhutan 7/, brought the total commitments against the Fund as at 29 February 1980 to \$577,800, of which \$61,700 represents the Executing Agency support cost related to the approved projects.

(b) Projects being processed for approval

12. Because planned activities in one country could not materialize as expected earlier, the total amount allocated for programming was not yet fully committed as at 29 February 1980. However, in addition to the supplementary assistance to the project in Rwanda (see above), the following project proposal is being considered for financing by the Special Fund:

Burundi: Transportation (Small Ports) \$25,000

(c) Completed projects

13. The following projects were operationally completed as at 31 December 1979:

Bhutan: Phuntsholding Ropeway Feasibility Study

Results achieved: A pre-feasibility study, examining the technical and economic aspects of a ropeway between Western Bhutan and the Indian border, was submitted to the Government of Bhutan. As recommended, a follow-up feasibility study of a ropeway capable of transporting 200,000 tons a year of outgoing timber is now under active consideration. This study will be carried out with assistance financed from the regional IPF for the Asia and Pacific Region.

Botswana: Feasibility Study on the Viability of a National Airline

Results achieved: A report on the viability of a national airline was prepared by a subcontractor and is being submitted to the Government for its consideration.

7/ See DP/387, paragraph 10.

Lao People's Democratic Republic: Improvement of Transit Services

Results achieved: With the procurement of an additional hauling truck the mechanical handling of cargo at the port of Thanaleng has improved favourably.

14. The Administrator intends to report orally to the Council on any further progress made since the writing of this report with respect to the activities being financed by the Special Fund.

IV. POTENTIAL ASSISTANCE REQUIREMENTS

15. At its fifth session in Manila, UNCTAD agreed that specific actions related to the particular needs and problems of land-locked developing countries aim at achieving the following objectives:

"(a) Reduce the costs of access for land-locked countries to and from the sea and to world markets;"

"(b) Improve the quality, efficiency and reliability of transit-transport services, taking into account the needs and means of both the land-locked countries and their transit neighbours;"

"(c) Restructure the economies of the land-locked countries to alleviate their geographic handicaps and to overcome these adverse effects." 8/

16. The Conference further agreed to the integrated planning approach involving close co-operation between the land-locked and transit developing countries concerned. It confirmed, and the General Assembly in resolution 34/198 subsequently endorsed, as priority areas for action and assistance, those already brought to the attention of the Governing Council 9/ and added the construction of dry ports and the establishment of shipping freight rates for the land-locked developing countries which would encourage the expansion of the export trade of the land-locked countries. Assistance in all these priority areas falls potentially within the scope of the Special Fund, and concrete project proposals could be developed if and when additional resources are made available.

V. OTHER MEASURES FINANCED BY UNDP TO ALLEVIATE THE TRANSIT-TRANSPORT PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

17. General Assembly resolution 34/198 on specific action related to the particular needs and problems of the land-locked developing countries, inter alia, commends the Governing Council, UNCTAD and other related agencies in the United Nations system

8/ See resolution 123 (V), paragraph 1.

9/ See DP/387, paragraph 14.

for the work and assistance they have provided to the land-locked countries and invites UNDP to take appropriate and effective measures in order to provide additional resources within their competence to meet the particular needs of the land-locked developing countries.

18. The Administrator wishes to note that assistance to land-locked developing countries to offset the disadvantages caused by their geographical situation is also provided under the UNDP country programmes for the land-locked countries concerned, as well as in the framework of intercountry programmes.

19. Thus, some of the additional needs of the land-locked developing countries in Asia are being, or will be, met through regional projects under the Special Intercountry Programme for Least Developed Countries in Asia and the Pacific in 1980-1981. Specifically, projects on transit and transport, which were identified in 1979 by a joint UNDP/UNCTAD/Economic and Social Commission for Asia and the Pacific programming mission and subsequently endorsed by an intergovernmental meeting on intercountry programming for least developed countries in Asia and the Pacific, involve an allocation of \$1 million for each land-locked developing country in the region. Assistance is also provided from the regional IPF for the Africa Region to analyze the transit-transport costs of the major existing transit routes for land-locked countries in Southern, East-Central, Central and Western Africa, and to recommend improvements. Assistance to the land-locked developing countries in the field of trade facilitation is also being provided under the interregional programme.

20. It should also be noted that the fact that a country is land-locked is likely to be retained by the Governing Council as one of the supplementary criteria for the determination of the IPFs for developing countries for 1982-1986. Similarly, the number of land-locked developing countries in a region is likely to be one of the supplementary criteria for the allocation of regional IPFs.

VI. PROPOSED ACTION BY THE GOVERNING COUNCIL

21. The Administrator recommends that:

The Governing Council,

(a) Take note of the report submitted by the Administrator on the United Nations Special Fund for Land-locked Developing Countries (DP/458);

(b) Recall General Assembly resolution 34/209 on the United Nations Special Fund for Land-locked Developing Countries, particularly as it urges all Governments, in particular those of developed countries, to review their position towards the Special Fund;

(c) Appeal, in the light of General Assembly resolution 34/198 on specific action related to the particular needs and problems of Land-locked Developing Countries, to Governments and international organizations to contribute urgently and generously to the Special Fund;

(d) Request the Administrator to report to the Council at its twenty-eighth session on the activities of the Fund.