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GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-seventh session
June 1980
Agenda item 10 (c)

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
OPERATIONAL RESERVE

DRAFT DECISION OF THE BUDGETARY AND FINANCE COMMITTEE

The Governing Council,

1. Takes note of the report of the Administrator on the Operational Reserve (DP/469 and Corr.1 and DP/469/Add.1) and the views and comments of the members thereon;
2. Reconfirms that the purpose of the Operational Reserve is to guarantee the financial viability and integrity of the Programme;
3. Decides that the elements to be compensated for and covered by it be limited to:
 - (a) Downward fluctuations or shortfalls in resources;
 - (b) Uneven cash flows;
 - (c) Increases in actual costs as compared to planning estimates or fluctuations in delivery;
 - (d) Other contingencies which result in a loss of resources for which UNDP has made commitments for programming;
4. Further decides that the level of the Operational Reserve shall be established at \$ _____ million in 1982, \$ _____ million in 1983, \$ _____ million in 1984, \$ _____ million in 1985 and \$ _____ million in 1986;
5. Further decides that the levels established in paragraph 4 shall be subject to a pro rata adjustment by the Administrator, if significant changes in the forecasts projected in DP/496 occur;
6. Reconfirms that the Operational Reserve should be fully funded at all times and held in liquid assets which are irrevocably and promptly available for UNDP disbursements;

7. Further decides that the decision to make a drawdown from the Operational Reserve shall rest solely with the Administrator, who will report all drawdowns to the Governing Council at its next regular session; and
8. Requests the Administrator to report to the Council each year as to the status of the Operational Reserve.