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GOVERNING COUNCIL  
BUDGETARY AND FINANCE COMMITTEE  
Twenty-seventh session  
June 1980

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

DECISIONS

Rapporteur: Miss Mariam AL-AWADHI (Kuwait)

Addendum

Future Financing

Decision of the Budgetary and Finance Committee

The Budgetary and Finance Committee recommends that:

The Governing Council,

Recalling the decision 79/11 at its XXVIth session,

(a) Take note of the report of the Intergovernmental Study Group on Future Financing of the Programme (DP/451 and Corr.1);

(b) Request the Administrator to consult with Governments on the modalities for improved resources planning and, in the light of his consultations, to inform the Council at its twenty-eighth session of the result of these consultations; and

(c) Decide to consider at its twenty-eighth session the need to reconvene the Intergovernmental Study Group.

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION (Agenda item 7(d) - DECISION OF THE BUDGETARY AND FINANCE COMMITTEE

The Budgetary and Finance Committee recommends that paragraph 4 of document DP/GC/XXVII/CRP.17 be adopted by the Governing Council in its relevant decision.

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Annual review of the financial situation: 1979

Decision of the Budgetary and Finance Committee

The Budgetary and Finance Committee recommends that:

The Governing Council,

1. Take note with appreciation of the report of the Administrator (DP/490) on the review of the 1979 financial situation and related matters and the views and comments of the members thereon;
2. Expresse satisfaction with the level of programme delivery achieved in 1979, including that for the Special Measures Fund for the Least Developed Countries;
3. Call upon Governments to take measures to increase their voluntary contributions to UNDP to meet the level approved for planning purposes for the Second Cycle, on which basis the Indicative Planning Figures were established;
4. Reiterate the decisions taken at its twenty-second, twenty-third and twenty-fourth sessions regarding the utilization of accumulating non-convertible currencies and request the Administrator to pursue further with the Executing Agencies the supplying to the twenty-eighth session of the Governing Council of additional information on the use of convertible currencies related to non-convertible currency utilization;
5. Appeal to Governments contributing in accumulated national currencies to make their pledges in readily usable currencies or, to the extent possible, in convertible currencies;
6. Request Member Governments to pay outstanding amounts due to UNDP promptly and authorizes the Administrator, in order to clear UNDP accounts, to charge any balances of assessed programme costs which remain unpaid at the end of 1980 to the Indicative Planning Figure of the respective countries.
7. Authorize the use of the Programme Reserve during the third IPF<sup>0</sup> cycle 1982-1986 for the following purposes:
  - (i) Financing emergency assistance in cases of natural disaster and to assist in the rehabilitation and reconstruction of stricken areas, in accordance with the decision of the Governing Council at its twenty-seventh session;
  - (ii) Financing activities related to programme development;
  - (iii) Financing of contingencies; and
  - (iv) Financing promotional activities of technical co-operation among developing countries, and subject to the specific amounts to be authorized by the Governing Council.

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS  
OPERATIONAL RESERVE

DECISION OF THE BUDGETARY AND FINANCE COMMITTEE

The Budgetary and Finance Committee recommends that:

The Governing Council,

1. Take 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;

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2. Reconfirm that the purpose of the Operational Reserve is to guarantee the financial viability and integrity of the Programme;
  3. Decide 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 decide that the level of the Operational Reserve for each year of the Third IPF Cycle 1982-1986 shall be established at 25 per cent of the estimated contributions or expenditures for that year, whichever may be the higher. The level shall be rounded off to the nearest \$10 million;
  5. Further decide to review the level of the Operational Reserve at its 29th session.
  6. Decide that, with respect to drawdowns from the Operational Reserve, the Administrator shall report to the Members of the Governing Council between sessions on the status of the Reserve whenever the situation in his opinion so merits, but he shall in any event so report if drawdowns from the reserve should amount to 25 per cent of the level of the established reserve; and
  7. Reconfirm 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;
  8. Further decide 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
  9. Request the Administrator to report to the Council each year as to the status of the Operational Reserve.
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