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held at the Palais des Nations, Geneva,  
on Monday, 23 June 1980, at 3 p.m.

President:

Mr. POPESCU

(Romania)

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Organization of work

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The meeting was called to order at 3.25 p.m.

OTHER FUNDS AND PROGRAMMES (agenda item 7) (continued)

(a) UNITED NATIONS FUND FOR POPULATION / ACTIVITIES (DP/GC/XXVII/CRP.16) (continued)

1. The draft decision in document DP/GC/XXVII/CRP.16 was adopted unanimously.

(b) UNITED NATIONS VOLUNTEERS (DP/484) (continued)

2. Mr. FIVAT (Switzerland) said that his Government welcomed the continuing rapid progress of the United Nations Volunteer (UNV) programme and would support the Co-ordinator in his efforts to reach the ambitious goal of 1,000 volunteers.

3. Consolidation should follow each step in the programme's expansion so that the quality and commitment of the volunteers would be further enhanced. The question arose as to whether the administrative capacity of the programme was currently adequate to absorb the expected growth. In 1977 there had been one professional officer to every 22 volunteers in the field, but the latter figure had now risen to 46. The Council should be fully informed of the administrative and financial implications of the increase in the number of volunteers to 1,000.

4. His Government wished to draw the Council's attention to the social security aspects of the programme. There was general agreement that the emoluments of volunteers should be modest and consistent with the voluntary nature of the programme. His Government nevertheless considered that the measures to facilitate their reintegration were not adequate. The sum of 75 Swiss francs a month was not appropriate for a volunteer from an industrialized country. Nor should single volunteers receive the same amount as married volunteers. He hoped that the Co-ordinator would seek a solution to that problem.

5. Switzerland would make a contribution to the programme of not less than 215,000 Swiss francs for the year 1980.

6. Mr. BULINDA (Uganda) said that the United Nations Volunteer programme had emerged as one of the most dynamic instruments for the promotion of Technical Co-operation among Developing Countries (TCDC), which had as its ultimate goal the attainment of national and collective self-reliance by the developing countries. His delegation therefore supported the continuing efforts of the programme.

7. The fact that, out of 474 volunteers recruited in 1979, almost 75 per cent came from developing countries was a clear demonstration that the programme was resolved to promote the principles of TCDC, as set out in the Buenos Aires Plan of Action. The proposed expansion to 1,000 volunteers by 1983 was a minimal target, considering the ever-increasing demand for assistance under the programme. His delegation welcomed the positive steps being taken by the Administrator and the Co-ordinator to increase the number of programme assistants in UNDP field offices, particularly in the least developed countries. Efforts should be made to develop more Youth and Domestic Development Service projects and programmes in all regions and especially in Africa.

8. His delegation shared the views of the Administrator and Co-ordinator regarding the increasing difficulties being experienced by the least developed countries and the newly independent countries in meeting their need for United Nations volunteers through their country IPFs. That problem should be considered in conjunction with the Council's earlier decision that, in respect of the least developed countries, the financing of United Nations volunteers from the Special Voluntary Fund should be phased out by 1982.

9. His delegation fully supported the recommendations made by the Administrator in paragraph 31 of document DP/484.

10. Professor Dudley Seers' report had estimated that Uganda would require the assistance of over 800 qualified personnel during the first two-year reconstruction period. That figure was a minimum; urgent technical assistance was required at the middle and higher levels in all sectors of the economy, including agriculture, industry, economic planning, health, education and training, transportation and communications. Uganda was determined to co-operate with the Co-ordinator in every way and, in consultation with UNDP, had already approved a multi-sectoral UNV umbrella project totalling some \$682,000 to be financed from the country IPF. A number of additional projects financed from the IPF provided for volunteers to work alongside United Nations experts. A point had been reached, however, where it was becoming increasingly difficult to accommodate additional UNV projects within the current country IPF, which was already over-committed. His delegation therefore appealed to the Council to authorize the Administrator and Co-ordinator to use additional resources from the Special Voluntary Fund to assist Uganda in its current difficulties.

11. Mr. BA-ISSA (Democratic Yemen) said that the Administrator's report (DP/484) pointed to a large increase in the programming and delivery of middle- and upper-level operational expertise by United Nations volunteers. The increasing representation of developing countries in both countries of placement and countries of origin was a welcome expression of the concept of TCDC and collective self-reliance. It was heartening to note the increasing number of women volunteers, who now accounted for over 20 per cent of the total number of volunteers in service, and his delegation looked forward to seeing still greater participation of young professional women from developing countries.

12. Democratic Yemen had made use of the programme since 1976 and currently had about 12 volunteers working in projects ranging from construction engineering to the improvement of crop production and co-operative accounting and management. Additional volunteers had been requested in other fields.

13. It was important that the programme should be provided with additional resources so that volunteer costs would not be charged against country IPFs. His delegation looked forward to the in-depth review of existing mechanisms for recruitment and co-sponsorship on which the programme was embarking.

14. Mr. NABULSI (Co-ordinator, United Nations Volunteers) said that the points raised during the debate would be studied during the coming year and he would accordingly reply only in general terms.

15. He had noted the appeal of many developing countries for additional assistance, which would relieve them of the need to contribute to in-country volunteer costs from their limited IPF resources. He hoped that their request could be reconsidered and he would report on the matter the following year.

16. He welcomed the comments which had been made regarding the modest number of women in the programme. He agreed that a proportion of 20 per cent was too low but reminded the Council that women comprised 60 per cent of the headquarters staff.

17. The representatives of some donor countries, including Sweden, had raised the question of the appropriate roles of associate experts and volunteers and had drawn attention to the problems facing their own national volunteer programmes in that connexion. The United Nations volunteers would be happy to accept as a volunteer any associate expert who might wish to serve in that capacity.

18. Mr. MORSE (Administrator) thanked the members of the Council for their support for the United Nations Volunteers. The comments of representatives had been carefully noted and would be taken into account in the future evolution of the programme.

(c) UNITED NATIONS CAPITAL DEVELOPMENT FUND (DP/485 and Corr.1, 466)

19. Mr. MORSE (Administrator) said that the United Nations Capital Development Fund (UNCDF) had expanded considerably during the past few years. Strenuous efforts had been made to increase the number of grants approved and such efforts had been facilitated by the change from full funding to partial funding following the decision taken by the Council at its 1979 session. The increase in the number of grants would, of course, result in a rather sharp increase in the rate of disbursements in 1980 and future years.

20. The year 1979 had been one of re-orientation for the Fund and had been devoted in the main to effecting the transition from full funding to partial funding, to strengthening the staff and to rationalizing administrative procedures. Substantial progress had been made in each of those areas and it was hoped that disbursements would increase not only because of the larger number of grants but also because of the reduction in the lead time for disbursements that would result from the streamlining of administrative and operational procedures.

21. It was too early to assess the consequences of partial funding. All that could be said was that it enabled more grants to be approved than would otherwise have been possible. On the other hand, the combination of partial funding, more approvals and a shorter lead time for disbursements might lead to future liquidity problems. The most careful and effective financial planning would therefore be required and systems were being developed within the framework of the Integrated Systems Improvement Programme that would safeguard the financial integrity of the Fund.

22. The key policy of the Fund had been to provide grants of direct and immediate benefit to low-income groups, in particular, in the least developed countries. Its policy had been somewhat restrictive in the sense that grants were normally approved only for the countries officially designated as least developed and for those which the General Assembly had decided should be treated as such. As the Fund's mandate was not restrictive, he planned to extend, modestly and cautiously, and if resources so permitted, the assistance of the Fund to especially disadvantaged countries.

23. A solid, highly effective programme with a substantial impact on the welfare of the poorest of the poor was being developed, but the Fund's efforts would be in vain unless there was a dramatic increase in its resources. In that connexion an increase of over 300 per cent was required. He appealed to countries to follow the example of Japan in increasing the amount of their contributions.

24. Mr. OBOLENSKY (Executive Secretary, United Nations Capital Development Fund) said that he was often asked how the Fund was able to work within its limit of 2 per cent for administrative expenditures (DP/485, para. 19). The answer was that that figure would be impossible to achieve without the aid of UNDP and the Administrator, and the United Nations Volunteers. UNDP in general, and its Office for Projects Execution, had expertise in many fields, which was invaluable in feasibility studies, evaluation and similar capacities, and contributed greatly to the efficiency of the Fund.

25. As the Administrator had pointed out (DP/485, para. 2), it was premature to draw conclusions regarding the success of partial funding. Nevertheless, the over-all approval rate during 1979 had shown an increase of 65 per cent over 1978, and partial funding was responsible for a large part of that increase; the Fund was forecasting an approval level of \$60 million for 1980 and \$70 million for 1981. The partial funding arrangements would be submitted for approval after two years so that the Governing Council would have an opportunity to endorse or disapprove their continuation. One great difficulty attending the application of partial funding was obtaining the necessary staff; the skills sought were in the field of investment and banking and were scarce.

26. Disbursements had decreased by 14 per cent in 1979 but the rate and volume of disbursements were not under the sole control of the Fund, which worked through the various agencies and organizations supplying the staff who actually procured, constructed, started up and assisted in the management of UNCDF projects. It was the role of the Fund to encourage such staff to further efforts and more rapid progress.

27. With regard to evaluation, he referred members of the Council to the performance report on the present status of all projects originally approved in 1977 and earlier (UNDP/CDF/1). The report classified projects according to key monitoring indicators (KMI). In some instances that classification might be at variance with the over-all evaluation of the project; in one case, for example, a project which had been classified as unsuccessful under the KMI code had subsequently been evaluated as satisfactory; the explanation was that it had started badly owing to inadequate preparation but had belatedly started to move forward.

28. The project cycle averaged five to six years (DP/485, para. 20). The Fund was not satisfied with that situation and was attempting to shorten the cycle further by such means as closer supervision of the operating organizations, but there were so many of them that computerized project monitoring seemed to be the only solution.

29. With regard to the financing of administrative costs, some delegations had told him that the Fund wished to finance its own administrative costs as a means of reinforcing its independence. That was not the case; it was UNDP that had

wished to involve its Division of Finance. The Fund had earned very much more than it spent on administrative costs; in 1979, for example, it had spent \$550,000, against earnings of \$6.7 million, or more than ten times as much, in interest on short-term investments. That was an obvious excess of liquidity and, as the Administrator had stated (DP/435, para. 8), it should be eliminated by 1984; projections indicated that by then the Fund would in any case be generating enough income to cover all its administrative expenses.

30. He drew attention to the recommendation in paragraph 33 of document DP/435.

31. Mr. FARASHUDDIN (Bangladesh) congratulated the Administrator on the remarkable success of UNCDF in 1979. Bangladesh was an ardent supporter of the Fund because it set out to bring direct benefits to the poorer sectors of the least developed countries, and he urged that that policy should be continued.

32. Bangladesh had been able to solve its problems of internal co-ordination with respect to the Fund's operations, and looked forward to a greater share of the Fund's activities in the future. It had already been able to identify a number of projects in consultation with the Fund and the UNDP resident representative, and others were in the process of identification. His delegation had noted with satisfaction that Bangladesh had a reasonable share of the projects approved in 1979, and he hoped that that trend would continue.

33. His delegation was also glad to see from paragraph 19 of document DP/435 that the Fund had been able to maintain administrative expenditures within the two per cent limit it had itself imposed. He would, however, like to know whether the administrative expenditures referred to in that paragraph included payments due in that connexion to UNDP. His delegation supported the draft decision in paragraph 33 of document DP/435.

34. Greater participation by Governments and resident representatives was needed in identifying and approving UNCDF projects so as to ensure that, so far as was practicable, they retained their form and coverage from the identification stage onwards. Approval procedures should also be simplified so that projects identified by Governments were not too drastically modified in New York; if necessary, Governments should be invited to send observers to the approval committee in order to clarify any issues that came up during consideration of projects for their country.

35. Project identification missions should adopt a pragmatic rather than an idealistic approach, for that would help them to appreciate the enormous difficulties of the least developed countries.

36. The format of UNCDF project documentation should be re-examined with a view to bringing it closer to the standard UNDP format. That would help to ensure quicker processing of the documentation relating to projects which had already been found acceptable in principle.

37. Finally, he expressed appreciation of the efforts made by the Administrator of UNDP and the Executive Secretary of UNCDF to maximize the Fund's direct benefits to the lower-income sections of the population of the least developed world.

38. Mr. AHLANDER (Observer for Sweden), speaking also on behalf of Denmark, Finland and Norway, welcomed the considerable progress made by UNCDF in recent years. The Fund's main characteristic was its ambition to reach the poor in the poorest countries, to promote local participation and to provide flexible assistance where other agencies had failed. It was an important element in co-operation with the least developed countries. The Nordic countries had so far contributed more than 40 per cent of the total cumulative voluntary contributions up to 1979.

39. The Nordic countries understood the reasons for the decline in disbursements for 1979. At the next session of the Governing Council, however, they would expect a fuller report on the activities of the Fund as a basis for their consideration of the possible continuation of partial funding. In particular, they would welcome an analysis of long-term trends with regard to delivery rates, commitments, and disbursements, as well as information on the relationships between the Fund and the rest of the United Nations system regarding both programming and execution. Information on sources of procurement used by the Fund would also be welcome; it would, in particular, be useful to know whether the Fund spent resources on procurement from industrialized countries which did not contribute.

40. The Fund was in a transitional phase; with the introduction of partial funding, the volume of operations might double in the near future, a development that might affect the specific character of the Fund. The Nordic countries therefore believed that a decision on the Administrator's recommendations regarding the Fund's responsibility for reimbursing UNDP for its direct administrative costs should be deferred until the Fund's role within UNDP could be fully appraised. A decision on the Administrator's suggestion that the mandate of the Fund should be extended beyond the poorest countries should also be postponed.

41. Mr. FIVAT (Switzerland) said that the activities of UNCDF continued to be based on the same principles as those that guided Swiss development aid, namely, the provision of aid to the most disadvantaged; co-operation with recipients and encouragement of their initiative; priority for basic needs; and technology adapted to the specific requirements of each project. In addition to those principles, there were other considerations such as speed of identification and completion; concentration on small and medium-sized projects; and preferential treatment for the rural sector because of its importance in combating under-development. He therefore noted with satisfaction the increase in the number of approvals during 1979. Switzerland had kept in step with that development by regularly increasing its annual contribution and would continue to support the Fund, in particular by encouraging measures to broaden the scope of the Fund's activities within the framework of the principles he had just outlined. For example, he thought that specific aid from the Fund in terms of capital and technology could usefully be extended to the light industry sector where setting up enterprises of appropriate size and technology producing for the local market could increase employment prospects and therefore swell the incomes of the most disadvantaged groups.

42. The great increase in the volume of UNCDF activities was largely due to the transition from full to partial financing. He agreed, however, that a report on the success of the system must await the collection of adequate data for assessment.

43. Expenditures during 1979 had fallen slightly by comparison with previous years, totalling \$8.9 million as against \$10.2 million in 1978. He had wondered whether that was a transitory phenomenon and the Executive Secretary had just given the answer to that question. He noted the Executive Secretary's optimism regarding disbursements during 1980.

44. He appreciated the presentation and clarity of the evaluation reports, and particularly approved of measures to reduce the programme cycle. Progress in that direction would lead to still greater efficiency in the use of available resources. He was also pleased to note that, in accordance with the priorities which he had mentioned, nearly all approvals in 1979 related to projects in the least developed countries.

45. He agreed that the possibility of project failures could not be excluded, since the Fund must venture into unpromising situations likely to discourage other initiatives. Some causes of failure might perhaps be revealed by a more precise evaluation of adverse factors, while closer co-operation between the Fund and the recipient countries should ensure that unexpected obstacles could be speedily removed.

46. He was pleased to note that, during the reporting period, administrative expenditures had been kept well below the self-imposed 2 per cent ceiling. As long as the Fund had additional income, such as short-term interest on investments, he considered it reasonable that it should meet its direct administrative costs rather than charging them to UNDP and, to that extent, he supported the Administrator's recommendation.

47. Mr. ENOKI (Japan) noted with satisfaction the considerable increase in the Fund's activities in 1979, when the projects approved had amounted to 57 per cent of the cumulative total of all projects approved hitherto. The increase was ascribed to the introduction at the last session of the principle of partial funding. His delegation would give its opinion on that matter when it was reviewed at the next session.

48. His Government approved the Fund's basic policy of financing projects benefiting the least developed countries and those not qualifying for aid from world or regional development banks, and had accordingly decided to make an initial contribution of \$1 million to the Fund in 1980.

49. He hoped that the secretariat would spare no effort to maintain the efficiency of the administration and execution of projects. With regard to administrative expenditures, he supported the Administrator's recommendation that the Fund should reimburse UNDP for its direct administrative costs.

50. Mr. SCHMID (Austria) commended the staff of UNCDF for their efforts to meet the needs of the poorest section of the populations of the least developed countries. Since its inception, the Fund had been able to establish its own place within the United Nations system, as had been recognized by the explicit mention of the Fund as an appropriate channel of assistance in UNCTAD resolution 122 (V).

51. He was particularly pleased to note that the Fund had been able to identify its unique role of providing capital assistance largely unavailable from other sources, to complement the technical assistance available for country programmes.



52. He agreed that since the partial funding system had been in operation for only a few months, it was too early to evaluate its impact, but he hoped that the Administrator would give the Council a detailed report on it at its 1981 session so that the Council could decide whether or not to continue the formula. He welcomed the Administrator's statement on maximum linkages with UNDP and the agencies to ensure the most effective use of limited resources (DP/485, para. 5). He endorsed the priorities outlined in table 1 of the Administrator's report.
53. He agreed that the accrued interest income of \$6.7 million was a sign of excessive liquidity (DP/485, para. 8) and would therefore encourage efforts to eliminate it.
54. He also agreed that the average project cycle should be reduced from the present level of five or six years, and hoped that all parties concerned would co-operate in eliminating possible delays in execution.
55. The performance report on projects approved in 1977 and earlier (UNDP/CDF/1) was a laudable effort to give actual and potential contributors essential project information.
56. He agreed with the Administrator's recommendation regarding the reimbursement to UNDP of the Fund's direct administrative costs from accrued earnings.
57. In view of the fact that his Government fully subscribed to the priorities for effective development assistance to the neediest of the least developed countries, it was currently considering ways of co-operating with the Fund primarily on a project-by-project basis.
58. Mr. MULDER (Netherlands) reaffirmed the importance of UNCDF as a financial channel for meeting the needs of the lowest income groups in the least developed countries and for implementing UNCTAD resolution 122 (V). The Fund would be able to give any conference on the least developed countries the benefit of its experience in work of their development. The Fund was part of the development process in developing countries and one of its main functions was to make an important contribution to the technical assistance given by the United Nations system and to provide a link with UNDP follow-up activities.
59. The contributions to the Fund by a number of States showed their recognition of its importance, he expressed appreciation of the Japanese Government's announcement of a substantial contribution to the Fund. He emphasized the need for a continuous effort by the Administrator and the Executive Secretary to obtain financial support, and appealed to all potential donors to consider contributing.
60. The present period being one of transition, his delegation preferred to await the submission of a comprehensive report to the Governing Council in 1981 before expressing its views on the success of partial funding.

61. He appreciated the statistics and information given in the Administrator's report. He was aware of the importance of evaluation, and the difficulties it presented as projects became larger, and found the evaluation section (section III) of the report rather brief, though adequate. He would like to see it expanded, though he noted the observation in paragraph 32 regarding limitation of documentation. He was studying the evaluation data given in the performance report (UNDP/CDF/1).

62. Mr. FOX (United States of America) said that his delegation commended the important work done by the Fund in reaching the poorest peoples in the least developed countries through self-help projects requiring only limited capital and incorporating appropriate technologies.

63. The secretariat appeared alert to the need to remain adequately staffed in order to carry out that work and was attuned to the Council's interest in the maintenance of a high standard in the Fund's projects. However, project evaluation should be systematically incorporated into project design. Evaluations would become increasingly important as the number of projects increased and, because the work was often innovative, the Fund might encounter unusual problems or meet unexpected successes, with relevance for further work.

64. His delegation agreed with the Administrator's recommendation that the Council should request authorization from the Economic and Social Council and the General Assembly for the Fund to reimburse UNDP for its direct administrative costs from its accrued interest and foreign exchange earnings until such time as it assumed responsibility for its own administrative costs. He would like some clarification of the proposal that such reimbursement should be required until a "significant decrease in the Fund's accrued (interest) earnings" occurred; he would also like to know for how many years the interest earnings could be expected to cover the modest annual administrative costs.

65. The United States delegation noted that the initial impact of partial funding was encouraging, but reiterated its understanding that a full examination of the practice would be required at the next session of the Council.

66. He also expressed satisfaction at the significant increase in project approvals in 1979. It would be useful to have an explanation of the decline in actual project expenditures as well as the latest estimate for such expenditure in 1980.

67. Mrs. PHAN Thi Minh (Observer for Viet Nam) expressed appreciation of the successful operation of the Fund in 1979, due to the partial funding policy approved by the Council at its twenty-sixth session. With its policy of providing direct and immediate benefits to low-income groups, especially in countries with serious natural and economic handicaps, the Fund had become a complement to UNDP in its multilateral support for development. The Fund's concentration on the sectors listed in paragraph 6 of the Administrator's report (DP/485) had enabled it not only to attain its aim of reaching the poor but also to lay a basis for economic development of real value to the inhabitants of a country. To enable the Governments themselves to execute those projects, appropriate technology was, however, necessary, which entailed assistance from the Fund.

68. In Viet Nam, the under-development resulting from a century of colonization had been increased by the effects of a prolonged war. Representatives of UNDP and UNCDF had noted that, despite the lack of equipment, there was no lack of skilled personnel in all sectors, due to the country's policy of encouraging education in all spheres and its determination to reconstruct the country, helped by bilateral assistance from various countries. The untiring efforts of skilled and unskilled workers had achieved a great deal, despite the arduous conditions in which they worked. Those conditions were particularly trying for Vietnamese women, who participated in all the country's activities. Despite the particular attention paid by the Government to the situation of women and the international assistance provided for the protection of mothers and children, the living and working conditions of Vietnamese women were extremely hard. To give one example, they had to plant rice by hand in icy water whereas in other countries machines did that work. Another important matter of vital interest to Vietnamese women - and one of the priority sectors of the Fund's activities - was the provision of drinking water. After a visit by a Fund consultant in 1978, agreement had been reached at the end of 1979 to grant assistance for a hydraulic project, which would provide irrigation, drinking water and electricity in one of the most devastated provinces of the country. For that project, machinery supplied by the Fund would replace much manual labour.

69. Her country therefore hoped that that project would be rapidly completed and that further projects would be examined in the near future. In view of the extensive and very varied needs of Viet Nam, her Government suggested that representatives of UNDP and the Fund might discuss with the relevant Vietnamese services how to make the best use of all currencies available to the Fund, including those which it had so far proved difficult to use.

70. Finally, she wished to thank all countries which had given bilateral assistance to Viet Nam.

71. Mr. OBOLENSKY (Executive Secretary, United Nations Capital Development Fund), replying to questions raised during the discussion, said that the representative of Bangladesh had referred to a point which was of the utmost importance in the operation of the Fund, namely, the shortening of the project cycle, which currently averaged five to six years, a figure which the Fund agreed was unsatisfactory. The first proposal put forward by that representative for improving the situation - that Governments and resident representatives should be more closely involved in the identification and approval process - would not in fact lead to much improvement, since that process took only six to eight months out of the five- to six-year cycle. The delay occurred in the implementation of the project after approval. The Fund itself dealt only in money and did not procure equipment or implement its own projects. It could therefore only exercise a measure of control over their implementation. Computerized project monitoring, however, would enable the Fund to follow such activities in greater detail.

72. It would be difficult to provide more information about Fund projects, as requested by many representatives unless the limit of 32 pages per document was raised.

73. Fund-raising, to which the representative of the Netherlands had referred, was of course greatly influenced by the economic difficulties faced by the major donor countries. Great attention was, however, paid to fund-raising and both the Administrator and the officers of the Fund itself would increase their efforts in that respect.

74. With regard to the request by the United States representative for clarification of the last phrase of the recommendation in paragraph 33 of the document, that phrase might be amended to read: "in the event of the Fund's earnings falling short of its administrative costs". As he had said in his introductory statement, the excessive liquidity was expected to be eliminated by 1984, at which time the Fund's bank balance would consist only of the appropriate reserve (\$2 million), which would be earning 5 per cent interest. That interest, with contributions, would cover the Fund's operating expenses and administrative costs.

75. The decline in disbursements, also mentioned by the United States representative, was due to the substantial number of project approvals in 1979, which had made it impossible for the Fund to control performance by the co-operating organizations. There again, computerization could improve the situation and the Fund was expecting to double its disbursement rate in 1980. That target had been checked with the staff of the co-operating organizations and through inspection of their books.

76. Mr. VECEGA (Acting Assistant Administrator and Director of the Bureau for Special Activities) said that, with regard to the three programmes recently discussed by the Council, namely the Revolving Fund for Natural Resources Exploration, the United Nations Volunteers and the United Nations Capital Development Fund, several representatives had referred to the need for co-ordination of their activities with general programming. One of the reasons for the establishment of the Bureau for Special Activities was specifically to achieve such co-ordinated programming. As he himself had said in his opening statement, the Administrator had recently instructed all resident representatives to take those funds and programmes into account when preparing for the country programme exercise. They would thus be fully integrated in UNDP's general programming activities, while maintaining their individual characteristics and objectives.

77. The evaluation of the Capital Development Fund would mark the beginning of a general evaluation of all special activities, to be carried out as part of UNDP's normal evaluation process.

78. A number of delegations had commented on the participation of women in the United Nations Volunteer programme and in activities supported by UNCDF. Two aspects of the matter were of fundamental importance: the employment of women in those programmes and the development of projects and programmes specifically related to the integration of women in the development process. The Bureau for Special Activities was making progress with regard to both those aspects.

79. The fundamental purpose of the Bureau for Special Activities was the strengthening and rationalization of all such activities, a matter to which particular attention would be paid during the next twelve months.

80. Mr. MORSE (Administrator) assured the Council that the concerns expressed during the discussion would be borne in mind in planning and assessing the activities of UNCDF. He was gratified at the extraordinary growth of that Fund during the years he had been associated with UNDP, and the Council could rest assured that no efforts would be spared to ensure its continued success.

(e) UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES (DP/458)

81. Mr. NORSE (Administrator) said that, on introducing the Special Fund for Land-locked Developing Countries at the twenty-sixth session of the Council, he had emphasized that the Fund's total resources were insignificant compared with the special transit and transport-related problems of the land-locked developing countries. Despite contributions from a few developing countries, some of which were themselves land-locked, the Council's appeal in decision 79/7 and similar requests by the General Assembly and the United Nations Conference on Trade and Development, the total contributions to the Fund announced at the Pledging Conference in November 1979 had been microscopic. The total would hardly allow the provision of three months of expert services to the land-locked countries.
82. The disadvantaged situation of those countries would be taken into account as a supplementary criterion in determining third cycle IPFs, but UNDP, in close collaboration with the Secretary-General of UNCTAD, had also endeavoured to utilize the Fund's very limited resources to meet demands for activities additional to and, what was more important, different from the type of activities financed from IPF. That might be illustrated by the assistance provided for the expansion or improvement of storage facilities at transit points - in one case on the territory of a transit country for the benefit of a neighbouring land-locked country - and by projects aimed at making small capital improvements to facilitate the handling of a land-locked country's imports and exports. Because that type of assistance was considered to be so effective and so urgently needed, certain Governments, in the absence of further resources from the Fund, had requested that regional IPFs should be used to support similar activities.
83. The Governing Council was already aware that many activities had been identified for support by the Fund in UNCTAD resolution 123 (V), which had later been endorsed by the General Assembly. Activities which could justifiably be assisted by the Fund if resources were available would not be hard to programme, but UNDP had refrained from doing so at that stage simply because it did not wish to raise false expectations and also because it was not reasonable to ask the field offices and agencies concerned to undertake programme activities in the absence of more positive prospects for the availability of resources.
84. As noted in document DP/458, the General Assembly had already urged that all Governments should review their position towards the Special Fund. He sincerely hoped that all members and observers would comply with that request and, at the Pledging Conference for Development Activities in November 1980, would announce a contribution to the Fund, so that UNDP could properly discharge its interim responsibility for the Fund's management.
85. Mr. STONE (United Nations Conference on Trade and Development) said that the Secretary-General of UNCTAD had been asked by the General Assembly to collaborate closely with the Administrator in the management of the Special Fund for Land-locked Developing Countries during its present interim phase of activity. The Fund could contribute to alleviating the problems of land-locked developing countries, even with very limited resources; those so far made available were indeed very small compared with the needs of the countries concerned, and he very much hoped that greater resources would become available to the Fund in the near future.

86. A high priority for the use of Fund resources, particularly while they were still small, might be for specific small financial or technical assistance projects aimed at overcoming the most critical bottle-necks in transit-transport. If carried out quickly and effectively, such projects could give the Fund a reputation for solid practicality. Any resources pledged to the Fund could be used primarily for small capital projects with an immediate impact on the improvement of transit facilities for land-locked countries, and for feasibility or pre-feasibility studies costing little but paving the way for the implementation of larger capital projects.

87. A reduction in the real costs of transit for the land-locked developing countries would involve the creation of additional transport, port and warehouse facilities along transit routes, improvements in management and maintenance, and the simplification of transit procedures and documentation. Clearly, effective action in resolving transit problems would often require major new capital investments. The Fund should have sufficient resources to provide seed money to attract the broader international support that was needed.

88. On behalf of the Secretary-General of UNCTAD, he joined the Administrator in his strong appeal to all Members of the United Nations to contribute to the Fund at the next Pledging Conference. UNCTAD would continue to co-operate closely with UNDP to help make the Fund as effective as possible.

89. Mr. HODY (Belgium) said that without denying the specific handicaps of the land-locked countries or the international community's duty to give them every possible assistance, his delegation believed that there were ways of tackling the problems of those countries which were not mentioned in document DP/458. His delegation considered that technical and economic co-operation among developing countries in the shape of regional agreements was the best way of solving the problem. Regional IPFs together with a proportion of country IPFs could be used to provide the facilities needed.

90. His delegation considered that UNCTAD resolution 123 (V), inviting 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 the United Nations Development Programme normally finances", should be interpreted in a flexible way. Since the resources available from the Fund and from country and regional IPFs were inadequate to meet the needs of the land-locked developing countries, the projects financed should be complementary to, rather than different from, the ones generally financed by UNDP.

91. He hoped that the United Nations Decade for Transport and Communications in Africa would provide a satisfactory long-term solution to the serious problems of several land-locked countries in Africa. Belgium was giving large-scale bilateral assistance to several such countries and was also taking part in multilateral activities with the same objectives.

#### ORGANIZATION OF WORK

92. The PRESIDENT suggested that paragraph 4 of the draft decision on the United Nations Revolving Fund for Natural Resources Exploration (DE/GC/XXVII/CRP.17) and the recommendation in paragraph 33 of document DP/485 on the United Nations Capital Development Fund, both of which had financial implications, should be referred to the Budgetary and Finance Committee.

93. It was so decided.