Summary

This report is submitted in accordance with General Assembly resolution 2186 (XXI) which established the Fund as an organ of the General Assembly, and resolution 2321 (XXII) which entrusted the administration of the Fund to the Administrator of UNDP.

The Fund has now completed its first five years of full-scale operations. The report, therefore, reviews the Fund's activities in 1980 within the broader context of its operational experience since 1975 (Chapter I).

The report also presents programme profiles summarizing the Fund's activities in 33 countries in the LDC category (Chapter II). Administrative matters are dealt with in Chapter III, while the Financial Statement appears in Annex I to the report.

The Governing Council is requested to take a decision with regard to the financing of the Fund's administrative costs (Chapter IV).
## Contents

**INTRODUCTION**

I. Programme Developments  
II. Country Programme Profiles  
III. Administrative Matters  
IV. Recommendation

**Annexes**

I. Financial Statement  
II. Approved Projects by Main Fields of Activity

<table>
<thead>
<tr>
<th>Section</th>
<th>Paragraph</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1 - 3</td>
</tr>
<tr>
<td>I. Programme Developments</td>
<td>4 - 41</td>
</tr>
<tr>
<td>II. Country Programme Profiles</td>
<td>42 - 105</td>
</tr>
<tr>
<td>III. Administrative Matters</td>
<td>106 - 112</td>
</tr>
<tr>
<td>IV. Recommendation</td>
<td>113</td>
</tr>
<tr>
<td>Annexes I. Financial Statement</td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION

1. This report is submitted in accordance with General Assembly resolution 2186(XXI) which, inter alia, requested the Executive Board of the United Nations Capital Development Fund (UNCDF) to review all the activities of the Fund as presented by its Managing Director, and to report annually to the General Assembly through the Economic and Social Council (ECOSOC). Subsequently, in 1967, in consideration of the initial lack of Fund resources, the General Assembly, by its resolution 2321(XXII) decided, inter alia, to entrust the management of the Fund to the Administrator of UNDP, on a provisional basis. The Administrator, therefore, performs the functions of the Fund's Managing Director, and the Governing Council performs the functions of the Fund's Executive Board.

2. The purpose of the Fund, as stated in relevant General Assembly resolutions, is to assist developing countries in the development of their economies by supplementing existing sources of capital assistance by means of grants and loans, particularly long-term loans made free of interest or at low interest rates. Such assistance shall be directed towards the achievement of the accelerated and self-sustained growth of the economies of those countries and shall be oriented towards the diversification of their economies, with due regard to the need for industrial development as a basis for economic and social progress.

3. In 1973, the General Assembly after consideration of resolution 62(III) of 19 May 1972 of the United Nations Conference on Trade and Development (UNCTAD), welcomed the decision of the Governing Council of UNDP that the UNCDF be used to serve first and foremost the least developed among the developing countries, (resolution 3122, XXVIII). Accordingly, the UNCDF has provided financial assistance to the least developed countries (LDCs) and to countries for which the General Assembly in its relevant resolutions has requested the granting of similar treatment in terms of development assistance.

I. PROGRAMME DEVELOPMENTS

Overview

4. The year 1980 marked the Fund's fifth year of full-scale operations and continued growth in resources and programme activities were experienced. At year end, the Fund had committed $165.2 million to 168 development projects in...
35 countries in the LDC category.

5. As can be seen from the Financial Statement in Annex I, the partial funding system approved by the Council in 1979 has enabled the Fund to increase its programming capacity, beyond immediately available resources, in order to respond to the increasing number of priority requests for capital assistance from countries in the LDC category.

6. New project commitments approved in 1980 amounted to $52.8 million, bringing total cumulative commitments since 1975 to $165.2 million. (See Annex II.) Programme expenditure totaled $19.8 million, representing a significant increase over 1979 expenditure of $8.9 million. Cumulative disbursements since 1975 total $53.9 million. Voluntary contributions to the Fund in 1980 totaled $28.7 million representing an increase of 17 per cent over 1979 and bringing total cumulative contributions since 1975 to $121.5 million.

7. The major portion of the Fund's assistance in 1980 continued to be devoted to the rural sector, with emphasis on:

- **Basic social infrastructure**, such as provision of drinking water, schools and training institutions, health clinics, and low-cost housing and slum rehabilitation; and

- **Economic infrastructure and production inputs**, such as feeder roads, water resources development and irrigation schemes, crop storage and distribution facilities, small-scale agro-based and agriculture-related industries.

8. Emphasis was also given to creating or strengthening credit facilities for subsistence farmers, fishermen, and rural artisans through co-operative and other credit institutions. Other priority areas which are receiving increasing attention are energy problems in rural areas, reafforestation and rehabilitation of grazing and crop lands as a means of increasing revenue and combating desertification.

9. Forty-two per cent of the costs of projects approved in 1980 was in the priority field of water resources development. This includes five projects in Africa and two in Asia which are aimed at development of both groundwater and surface water resources, and five projects in Africa and two in Asia which deal with the provision of safe drinking water primarily in rural areas.

10. Other major sectors for which UNCDF assistance was approved in 1980 were:

(a) Construction of feeder roads, representing 14 per cent of commitments, with three projects in Africa; and

/...
(b) Crop storage and food distribution infrastructure, representing 10 per cent of the total commitments, with four projects in Africa and three in Asia.

11. The emphasis on the agriculture sector noted in 1980 continues a trend that has marked the Fund's programme activities since 1975. Similarly water resources development for both agricultural purposes and human consumption, has continued to account for the largest cross-sectoral field of activity, representing 30 per cent of the overall total. A breakdown of projects approved in the period 1975-1980 by main fields of activity is given in Annex II.

Planning and programming

12. In developing its operational policies, the Fund has been guided primarily by the General Assembly's directive calling for consideration "first and foremost" of the LDCs as beneficiaries of UNCDF assistance. There are, of course, a number of countries which share the basic characteristics of the LDCs and therefore qualify for Fund assistance even though they may not be among those officially designated as defined by the Committee on Development Planning. Three basic criteria guide the Fund in considering requests for assistance in such cases: availability of resources; the intrinsic merits of the project for which assistance is being sought; and the potential for rapid achievement of priority development objectives.

13. Within this general framework, the Fund has established the following basic policies and criteria in selecting projects for appraisal and approval:

(a) Projects should be identified by the Government which, in its request for UNCDF assistance, determines the degree of priority attached to each project within the context of the country's overall socio-economic objectives; projects should be formulated by UNCDF, in close collaboration with the Government services concerned and in co-operation with the UNDP Resident Representative, so as to achieve specific socio-economic objectives;

(b) Projects should be designed to bring early and direct benefits, particularly to low-income and other vulnerable groups, so that they can become more productive and thereby contribute to the country's overall development efforts;

(c) Projects must provide for maximum participation of the beneficiary groups in project implementation, with maximum use of local resources, human as well as material, so that national capabilities and self-reliance are strengthened;

(d) Project inputs to be financed by the Fund should not normally exceed
$2 million per project, in view of the present level of resources. However, the Fund may undertake larger projects in order to respond to priority development requirements of Governments. In such cases, other sources of financing may be invited to participate in co-financing arrangements for such projects. All measures are taken prior to project approval to ensure that project components not covered by the Fund's contribution are fully financed;

(e) Project execution remains the primary responsibility of the Government. Implementation services are provided by agencies of the United Nations system and other international co-operating agencies only when national capabilities need to be reinforced. In order to ensure maximum utilization of the Fund's resources for the direct benefit of LDCs, every attempt is made to keep overhead costs at a minimum;

(f) While cost benefit analyses and internal rates of return are usually part of supporting project data, they are not decisive factors in project approval. The Fund satisfies itself that projects have high Government priority, are technically sound and economically justifiable, and that the Government is prepared and able to meet recurring costs after the Fund's assistance terminates. Another important factor in considering project eligibility is the availability of alternative financing from other sources. In this connexion, the Fund may, if so requested by the Government, endeavour to mobilize and negotiate such financing.

14. Guidelines embodying these and other operational policies will be issued early in 1981 to Resident Representatives and Governments concerned to facilitate the process of project identification and programme development in countries receiving UNCDF assistance.

15. Responding to the rapid increase in resources that occurred between 1976 and 1979, the Fund undertook a massive programming effort which, for a variety of reasons, has led to mixed results. Because of time and staff constraints, and the limited programming capacity of LDC Governments, the Fund was obliged to place almost exclusive reliance on outside consultants for project development.

16. A number of measures were initiated in 1980 to improve the Fund's planning and programming capability through establishment of a close and continuing dialogue with beneficiary governments regarding their development priorities and the ways in which they can make the most effective use of the Fund's assistance. Periodic consultations at senior level are therefore held between Governments and UNCDF senior staff for the purpose of reviewing project proposals developed by the Government, and selecting those which appear most suitable for financing by the Fund.
17. These consultations provide a basis for the Fund to despatch a project formulation mission composed of specialized consultants and headed, wherever possible, by a UNCDF Country Officer. The missions work closely with the Government services concerned and with the Resident Representative, so that project objectives and design correspond to the operational criteria described in paragraphs 12 and 13 above and also take fully into account the Government's financial and organizational capacity to implement the projects to be financed by the Fund. The mission's findings are discussed with the Government and the Fund subsequently submits the report with its own observations and recommendations to the Government which thus has the opportunity to comment on the project before it is finalized and submitted to the UNCDF Projects Committee for approval.

18. The project appraisal and approval process has also been streamlined. The composition of the Projects Committee has been reduced in number and upgraded in level. It is now chaired by the Assistant Administrator, Bureau for Special Activities, and its members, who act in an advisory capacity, are the appropriate Division Chiefs of the Regional Bureaux and the Bureau for Programme Policy and Evaluation. The UNCDF Executive Secretary serves as member ex officio.

19. The Fund also took steps in 1980 to strengthen its policy planning capability. A project evaluation system is being developed in order to provide operational feedback to guide the process of project selection and preparation. Efforts are also being directed towards integrating UNCDF assistance into a coherent programme of activities in each country, rather than financing a series of dispersed small-scale projects. In this way it is hoped to achieve greater impact from the Fund's resources.

Project implementation

20. Of the 39 new projects approved in 1980, 12 became operational in that year. This represents a significant reduction in the time-lag between approval and implementation and is attributable to improved project preparation and appraisal. As indicated in paragraph 13(e) above the projects financed by the Fund are executed by the Governments concerned. In certain cases, the Government is assisted by an agency of the United Nations system or other international co-operating agency.

21. The programme review undertaken in 1980 helped to identify some of the causes of implementation delays. In this connexion, it should be noted that a substantial number of UNCDF-financed projects are directed at such groups as pre-co-operatives, co-operatives, credit unions, and other community organizations in the LDCs which, by definition, often lack the organizational and management know-how needed to ensure smooth project implementation. Nonethe-
less, the Fund believes that government execution of projects should continue to be a cornerstone of its operational policies. In fact, the Fund views its assistance as an important vehicle for strengthening the programming and implementation capacity of LDCs.

22. A major factor affecting project implementation is the nature of assistance provided by the Fund. Procurement of capital equipment, for example, usually, involves a time-lag of six to nine months before delivery. Construction of roads or buildings, usually takes place in areas where supply and communications logistics are extremely difficult and where climatic factors sometimes prevail over all other factors.

23. In addition, projects financed by the Fund usually require supporting technical assistance and increasing difficulties and delays are being encountered in this regard. Since the Fund is not empowered to finance technical assistance, the Government concerned must finance it from its UNDP Country IPF resources or obtain financing from other sources. In the past, difficulties were encountered in obtaining the necessary technical assistance at the required time, because the UNDP country IPFs were usually fully committed. This matter has been discussed with the Governments and Resident Representatives concerned and it is expected that for the third Programming cycle, Governments will make special provision for technical assistance in support of UNCDF-financed projects.

24. These and other related problems affecting project implementation are now being tackled in a variety of ways. In this connection, it should be noted that it was not possible to field staff missions prior to 1980 due to lack of staff. Project review missions were carried out by UNCDF staff in 1980 with excellent results, and will continue to be sent out systematically in the future. Such missions are essential to ensure speedy action to resolve problems and to maintain a dialogue with the Governments concerned. The UNDP Resident Representative is, of course, also the Fund's representative in the field and is the main channel of communications with the Government on all matters related to programme development and implementation. However, UNCDF's requirements in terms of day-to-day project monitoring and assistance to Governments in project implementation go far beyond the normal functions and responsibilities of the Resident Representative's office. The Fund is therefore taking steps to obtain the services of Junior Professional Officers to assist Resident Representatives in monitoring UNCDF-financed activities. In view of the problems described above, and in conformity with General Assembly resolution 2134 (XXIV), which specifically authorizes the Fund to provide "appropriate administrative support...to discharge its responsibilities regarding the elaboration and execution of projects", the Administrator has authorized the Fund to provide Governments with the implementation services needed for timely and effective implementation of projects. These services are dis-
distinct from advisory technical assistance provided by UNDP and, in most cases, they will be provided by short-term consultants or UNCDF technical staff. Where the Government's implementation capacity is known to be particularly limited and where the size and complexity of the programme warrants, it may be necessary to appoint a Resident Operations Manager to assist the Government in organizing the necessary project inputs and supervising implementation of the programme as a whole. In other cases, the Fund may finance the cost of national experts to manage individual projects, or United Nations Volunteers to provide logistical and other support.

25. The effectiveness of these and other measures obviously depends to a large degree on the availability of a sufficient number of qualified staff. Many of the operational problems identified during the programme review can be directly attributed to a lack of staff from which the Fund has suffered almost continuously since it began full-scale operations in 1975. This situation improved somewhat in 1980, with the recruitment of six professional staff. The results, in terms of programme output, as shown in the table below, speak for themselves.

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<thead>
<tr>
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<th>1979</th>
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<tbody>
<tr>
<td>(a) Number of non-operational projects</td>
<td>51</td>
<td>23</td>
</tr>
<tr>
<td>(b) Number of new projects approved</td>
<td>36</td>
<td>39</td>
</tr>
<tr>
<td>(c) Number of projects which became operational in approval year</td>
<td>2</td>
<td>12</td>
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<tr>
<td>(d) Disbursements</td>
<td>$ 8.9 m</td>
<td>$ 19.8 m</td>
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Mobilization of resources for the least developed countries

26. The ambitious goals set for the Fund in its original legislative mandate came in time to be modified because of the relatively modest means placed at its disposal. Large-scale development activities such as foreseen in General Assembly resolution 2186 (XXI) require financial resources far beyond what UNCDF has been able to muster. Thus, the General Assembly rightly decided to limit the Fund's assistance, for the time being, primarily to the LDCs for activities that promote integrated rural development and small-scale industries (General Assembly resolution 3122 (XXVIII)).
27. Despite this limitation, the Fund is still faced with a formidable challenge, since there is no other multi-lateral financing institution exclusively devoted to providing capital assistance to the LDCs. The Fund has gained invaluable operational experience working with these Governments in bringing about tangible and significant changes in the lives of their citizens. It has the potential to do much more, the main limitation being its relatively small resource base. The needs of the developing countries for the type of assistance provided by UNCDF are such as to require a greater effort by the international community to increase the Fund's resources so that it can fulfill its original mandate to assist all developing countries.

28. Certainly, there can be no possibility of extending the Fund's coverage to developing countries other than LDCs until such time as it is provided with substantially larger resources. Even with its activities limited to 39 countries designated as sharing similar characteristics as LDCs, the Fund's resources are stretched thin and average less than $1 million per country per year.

29. The Fund is therefore stepping up its efforts to mobilize additional resources through a variety of arrangements, ranging from joint financing of projects to identification of financing sources for high priority programmes and projects which may be beyond the present scope of the Fund's resources. Encouraging contacts were initiated with a number of international and bilateral agencies in 1980 which will be vigorously pursued in the coming year.

30. Resources, however, are only one aspect of the problems confronting the Fund. During the early years of UNCDF, fund-raising was a prime consideration and will, of course, continue to be an important element. However, the quality of the programme has now come to be the Fund's over-riding concern. The efforts initiated in 1980 to improve the project development process will be intensified, and will involve the direct participation of the Fund's management because it is at this critical stage that the quality of the programme is determined.

31. With a good measure of operational experience behind it, the Fund is now on a sound footing, with every prospect of continuing to expand its activities on behalf of the LDCs. The confidence of developing countries is evidenced by the financial contributions they have consistently made to UNCDF since its creation. The traditional donor countries have shown increasing acceptance of the Fund as an important supplementary channel of capital assistance for the LDCs. With their continuing and expanded support, UNCDF could become a vital part of future efforts to channel substantial additional resources to the LDCs. Within this context, the United Nations Conference on the Least Developed Countries, scheduled for September 1981, has special significance for UNCDF. The Fund, therefore, plans to take an active part in the Conference itself and especially in follow-up of the Conference recommendations.
Co-operation with UNDP and other agencies

32. In line with General Assembly resolution 2186 (XXI) Article X, the Fund has developed a close and continuous working relationship with UNDP and the other agencies and programmes of the United Nations system.

33. Since the Fund is presently administered by UNDP's Administrator, the collaboration between the two organizations is particularly close and reflects the spirit and purposes of the relevant General Assembly resolutions. This collaboration has served to strengthen complementarity between UNDP technical co-operation programmes and UNCDF assistance. This has enabled beneficiary Governments to follow through on technical assistance activities that have identified viable opportunities for capital financing of high priority development projects that will help to strengthen national capabilities and self-reliance.

34. Similarly, the Fund derives great strength from this association with UNDP, particularly at the field level through the support provided by the Resident Representatives. The role of the Resident Representative vis-a-vis the Fund is crucial to the effectiveness of its assistance. As the Fund's representative in the field, the Resident Representative takes an active part in the project development, as well as in negotiating Grant Agreements with the Government. Once implementation is underway, the Resident Representative monitors projects on behalf of the Fund, making appropriate recommendations for action to deal with operational problems that arise. In addition, the Resident Representative bears the major share of the Fund's administrative burden in controlling the disbursement of project funds. As indicated in paragraph 24 above, the Fund is taking steps to strengthen the capacity of UNDP field offices in assisting Governments in implementing UNCDF-financed projects and in monitoring the UNCDF programme.

35. Additional complementarity of assistance is achieved through field level support provided by project personnel financed by UNDP. In 1980, there were 59 UNDP/IPF technical assistance projects providing full or partial support to UNCDF-financed activities in 26 countries. UNDP/IPF resources also financed 35 feasibility studies of project requests submitted to the Fund. In future, however, these studies will be financed by the Fund as part of the normal cost of project preparation.

36. The United Nations Volunteer programme also provides important support to UNCDF programme activities in the field under financing provided by the UNDP regional IPFs. In 1980, four United Nations Volunteers were assigned to technical assistance projects supporting UNCDF-financed activities, while nine were assigned to UNDP field offices as UNCDF Implementation Officers. Here again, as indicated earlier, the Fund will finance the cost of UNVs to be assigned to the field in support of UNCDF-financed activities.

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37. At the headquarters level, UNDP provides substantive and administrative support for Fund activities. The Regional Bureaux and the Bureau for Programme Policy and Evaluation (BPPE) participated actively in the appraisal of the 39 projects approved in 1980. Senior officers of BPPE and the Regional Bureaux also advised on project approval, in their capacity as members of the Projects Committee.

38. The UNDP's Office for Projects Execution (OPE) assisted a number of Governments in the implementation of projects financed by UNCDF in 1980. Of the total $19.8 million recorded in 1980 for project expenditure, OPE accounted for $10.6 Million. In addition, OPE provided invaluable substantive advice to the Fund in connection with project appraisal.

39. Special efforts were undertaken by the Fund in 1980 to increase its cooperation with other United Nations system agencies, including UNICEF, the World Bank, the World Food Programme, WHO, FAO, and UNIDO. Contacts were also established with the International Trade Centre with a view to exploring avenues of co-operation.

40. The Fund also participated in interagency consultations during 1980 in connection with preparations for the 1981 Conference on Least Developed Countries. The Conference will be preceded by a series of country review meetings in 1981 between LDC Governments and donor institutions, both multilateral and bilateral, during which discussions will focus on resource requirements over the next ten years as identified by the Governments concerned. The Fund expects to participate in these preliminary review meetings, as well as in the Conference itself, although it views its major contribution as being one directed towards follow-up of the conference recommendations.

41. The Fund also took steps in 1980 to increase its co-operation with the United Nations regional commissions and other regional bodies, particularly in such critical areas as desertification control, water resources management and other priority actions affecting LDCs in various regions and sub-regions. Collaboration with UNSO was particularly close in 1980. In conformity with the recommendation of the Governing Council and in view of the particularly difficult situation prevailing in the Sudano-Sahelian region, the Fund has supported some important programmes identified by UNSO in collaboration with the Governments concerned. For example, the Fund is co-financing two feeder roads projects in the Sahel region for a total of $5.1 million. In Ethiopia, UNCDF and UNSO are jointly financing a major programme for rehabilitation of forest, grazing and agricultural lands for which UNCDF is providing a grant of $1.9 million.
II. COUNTRY PROGRAMME PROFILES

Country coverage

42. The Fund is currently financing development projects in 33 countries 1/ in the LDC category and has initiated programming efforts in another seven countries 2/. As will be seen from the following programme profiles, the Fund is assisting LDC Governments in their efforts to overcome the difficulties 3/ that constrain the economic and social development of their respective countries.

Afghanistan

43. UNCDF assistance to Afghanistan started in 1976. By the end of 1980, seven projects totaling $6.9 million had been approved for UNCDF financing for the construction of rural roads and irrigation facilities, distribution of WFP food supplies, construction of multi-purpose schools and water supply.

44. The four rural roads and irrigation construction projects ($4.3 million) are being implemented with technical assistance from UNDP. They are designed to construct farm-to-market roads linked to the main road system and to construct and/or rehabilitate small irrigation systems in the economically backward eastern and northern provinces of Badakshan, Bamiyan, Farah, Ghor, Parwan and Urozgan. The WFP food supplies distribution project ($1.3 million) is designed to establish a regular flow of WFP food commodities to 1,200,000 people in the food deficit areas of the country. The multi-purpose school project ($1.2 million) aims to improving the educational opportunities for

1/ Programmes in two countries, Bolivia and Sierra Leone, have been completed.

2/ Angola, Djibouti, Equatorial Guinea, Guinea-Bissau, Sao Tome, Tonga and Uganda

3/ For a detailed description of LDC characteristics, see the report of the Committee for Development Planning on its seventh session, E/4990.
children and young adults in the low-income areas of Kabul, Ghazni, Logar and Parwan. The water supply project, located in the far north-western province of Maimana is designed to supply purified water to 17,500 villagers. In view of the prevailing situation, United Nations system agencies, including UNCDF, have suspended operations in Afghanistan.

Bangladesh

45. The UNCDF assistance to Bangladesh started with the approval in 1977 of a community development project for $126,000 in the Comilla district. In the following three years, the UNCDF programme in Bangladesh grew significantly with the approval of nine additional projects, bringing the total assistance to $6.7 million, for food storage, small industry, health and community development, low-cost housing, disaster relief boats, and rehabilitation of fish ponds. The assistance provided by UNCDF has been fully consistent with the objectives of the country's development plans.

46. While the projects relating to food storage ($3.5 million) and disaster relief boats ($1.4 million) have a country-wide significance, the other projects are important for local communities in the districts of Comilla, Pubna, Dacca, and Chittagong Hill Tracts. For example, the community development and small industries projects ($166,000) in the Comilla district will provide the 553 families of a co-operative organization with electricity, sanitary installations, small industries, and agricultural implements, enabling them to raise their income and standard of living. Similarly, the rural health centres project ($450,000) in the Pubna district is expected to facilitate medical care for one million people through construction and renovation of 23 health and family planning centres and dispensaries. The yarn supply project ($315,000) in the Chittagong Hill Tracts district will increase production, employment and revenue for weavers' co-operatives in that region.

Benin

47. The Government of Benin has placed high priority on rural development with particular emphasis on improving agricultural production. UNDCF, therefore, is financing agricultural production inputs and social infrastructure in rural areas.

48. A project for young farmers ($235,200) is providing loans for agricultural supplies and equipment. The feeder roads project ($2,451,700) links an estimated 49,000 formerly isolated farmers in Atacora province to new markets, and improves food distribution among surplus and deficit areas. The artisanal fisheries project ($146,000) has established a revolving fund to provide
equipment and marketing assistance for forty co-operative groups of subsis-
tence-level fishermen on Benin's Atlantic coast. A UNCDF grant ($1,600,000) is
financing construction of wells and distribution systems to supply drinking
water for two Northern provinces, Atacora and Borgou. The beneficiaries con-
tribute to a fund for maintenance and spare parts. A rural health project
($1,334,200) provides for the rehabilitation of sixty existing dispensaries,
and their expansion to permit maternity care. Implementation has begun in
the provinces of Mono, Zou, Borgou, and Atacora. The Fund is also co-operating
with the Government in its efforts to improve rural primary schools. Con-
struction of about one hundred schools is being financed by the Fund
($1,345,900) in the provinces of Mono, Borgou, Atacora, Zou, Atlantique and
Quémé.

**Bhutan**

49. Since 1975, UNCDF has provided assistance amounting to $5.9 million for
five projects in the fields of road transport, agricultural credit, irrigation
and crop diversification. The Government's development plans have given pri-
ority to achieving self-sufficiency in food production, marketing of horticul-
tural products, and development of farm to market roads. UNCDF-financed pro-
jects are consistent with these objectives.

50. UNCDF assistance in the field of agriculture credit ($867,000), and ir-
rigation ($1,240,000) will give a substantial boost to agricultural produc-
tion. The horticultural project ($1,983,000) will establish regional col-
lection storehouses as well as central, refrigerated warehouses. As a re-
sult, approximately 18,000 small farmers in the central and southern regions
will realize increased incomes from a stable price structure, and the reduc-
The road building project ($851,000) aims at improving the
sion in spoilage. The road building project ($851,000) aims at improving the
present rate of feeder road improvement and construction from an average of 38
kilometers to 50 kilometers per year, through introduction of mechanical
equipment, appropriate construction methods and training. The suspension
bridges project ($951,000) will build 59 bridges for mule and pedestrian traf-
Botswana

51. UNCDF initiated its assistance to Botswana in 1976. By the end of 1980,
total assistance amounted to $1.5 million for five projects in the fields of commu-
nicable diseases control, food distribution, development of rural handi-
crafts and infrastructure. These projects reflect the Government's develop-
ment priorities aimed at improving the standard of living of people in rural
areas.

/...
52. Such communicable diseases as tuberculosis and malaria are the major health problems affecting the human population, while foot and mouth disease affects the cattle population. To control these diseases, the Fund has provided assistance ($660,000) for the purchase of vehicles, equipment and other medical supplies. A project for distribution of WFP foodstuffs ($600,000), benefiting some 330,000 persons, 80 per cent of whom are young children, is also being assisted. In addition, the Fund has provided assistance ($50,000) for an expanded handicrafts production and marketing programme in the central district. Another project ($228,000) is aimed at settling some 800 bushmen in the Ghanzi district and providing them with such basic services as water, school and tools and implements for farming, poultry production and handicrafts.

Burundi

53. The Fund has been active in this landlocked, densely populated country since 1976. To date, $4,567,000 have been committed for five projects in the priority fields of social infrastructure and development of small industries.

54. A UNCDF grant of $465,000 is financing the construction of a health care centre to provide services to about 86,000 people in the Mosso Kantuzo region, where no health facilities previously existed. Along Lake Tanganyika and in the Ruzizi plan, UNCDF, in co-operation with UNICEF, is helping provide potable water to the rural population of about 55,000 people, as well as to rural dispensaries and community centres. In the Ngozi region, storage facilities are being constructed for seven consumer co-operative unions. UNCDF is also assisting the Government in the rehabilitation of Musaga, a suburb of Bujumbura populated by about 8,500 people. The project ($1,912,000) provides for physical infrastructure, a building materials production centre, and the creating of a revolving fund which will provide mortgage credit for self-help housing construction. UNCDF is also supporting the Government's efforts to provide credit facilities to small-scale entrepreneurs. The UNCDF grant of $1.05 million will finance up to $300,000 in interest-free loans and will also guarantee loans up to $750,000. The project is supported by a UNDP-financed technical assistance project.

Cape Verde

55. UNCDF operations in Cape Verde started in 1980 with three projects ($3.2 million) in the priority fields of agricultural production and social infrastructure.
56. The first of these projects is designed to protect agricultural land against soil erosion and to increase food production. A UNCDF grant ($653,000) is financing earth-moving equipment for construction of stone dams that will provide gravity irrigation during the rainy season and elevate the water table for pumped irrigation during the dry season. The project will develop 196 ha. of new land and improve 133 ha. of partially irrigated land, increasing the incomes of about 7,000 beneficiaries and the food supply for the 120,000 residents of Santiago Island.

57. The second project ($1.9 million) will help to improve rural education through the construction of sixty classrooms for nine primary schools in villages which are presently without any adequate school facilities. The project will benefit an estimated 2,500 pupils per year. The third project, designed to establish poultry production ($598,000), will improve the incomes of small poultry farmers and increase the consumption of low-cost animal protein by poor families in the capital town of Praia.

Central African Republic

58. UNCDF is financing three projects, amounting to $1,713,000, in the fields of rural education and agricultural infrastructure.

59. The Rural Schools Community Project ($990,000), executed by the Government with the assistance of UNDP/OPE, is constructing and providing equipment for 164 classrooms in 55 villages. Some 40,000 primary school students are benefiting from this project. A UNCDF grant ($460,000) has also been provided for renovation of four existing veterinary centres and construction of eight new centres in the Western region. A third project ($263,000) being undertaken jointly with FAO, provides assistance for the construction of 3,000 small fish ponds and 30 small storage dams, as well as equipment for ten fish farming stations. A net increase of more than $49 per acre is anticipated in the income of the 3,000 participating farmers.

Chad

60. The Fund has provided a total of $2.7 million in grant assistance to Chad since 1974. The first project ($1,050,000) provided a loan guarantee scheme for financing the establishment and expansion of small industries. The second project ($1,640,000) provided for the construction of 12 schools in the prefectures of Mayo Kebbi, Tandjilé, Chari Baguirmi, and Moyen Chari. The schools were designed to integrate primary education with training in improved agricultural techniques. Both projects were completed in 1979. In view of the prevailing situation, UNCDF has suspended its activities in Chad.
Ethiopia

61. Since 1975, UNCDF has provided assistance to Ethiopia totaling $8.3 million for six projects, covering water supply, seed production, rural roads and rehabilitation of forest, grazing and agricultural lands.

62. Ethiopia, drought-stricken, has given high priority to increased water supply and rehabilitation of land. The Fund's assistance in the water supply sector amounts to $2.6 million. Two projects are designed to support the nationwide programme of water supply and one project is specifically directed towards the refugee settlements in the Bale region. The Fund is contributing about $2 million to a project, which is jointly financed by WFP, UNSO, Sweden and the Federal Republic of Germany, for land rehabilitation in the drought-stricken central part of Ethiopia, benefitting directly some 250,000 rural families and indirectly as many as 5.3 million people. A grant of $2.0 million is assisting the Government to increase agricultural yield of basic grains, through establishment of seed multiplication centres directly serving peasants' associations throughout the country. Direct benefits will accrue to some 710,000 rural poor.

The Comoros

63. With a rapidly increasing population scattered over three small islands, the newly independent Islamic Republic of the Comoros is giving top priority to agriculture and livestock production. UNCDF assistance is directed related to this objective. Commitments to date total $1.9 million, all approved in 1980.

64. One project ($937,500) provides for construction of an access road on the island of Anjouan from Sima to Boungoueni in order to open up a fertile agricultural region. A second project ($500,000) concerns the establishment of a country-wide revolving fund which will provide credit to farmers for the purchase of basic agricultural implements. This project will be carried out in close co-operation with UNDP, which is financing a related programme of technical assistance. The third project ($450,000) will improve the transport and market infrastructure for vegetable produce on the island of Grande Comore.

The Gambia

65. To date, UNCDF has financed two projects in the Gambia amounting to $1.4 million in the fields of rice irrigation and small business development. In order to help the country increases its food production, the Fund is providing assistance for a project, which will construct 51,000 meters of concrete irri-
gaton canals in the Upper River and Maccarthy Island divisions. The improved irrigation will substantially increase the productivity of about 4,100 acres of land, yielding an additional 2,370 metric tons of rice. Further, the Fund is assisting the development of small entrepreneurs with a view to encourage the creation of self-employment opportunities. Assistance is provided by way of financial guarantees (up to a maximum of 75 per cent of loans) to local financial institutions which are providing short-term as well as medium-term loans to small enterprises. The project is supported by an ILO/UNDP team which is providing technical assistance.

Guinea

66. UNCDF has been active in Guinea since 1978. The Fund is assisting the Government in its efforts to improve health conditions for some 1,700,000 inhabitants in the Upper Guinea region by providing health units and basic medical equipment. UNCDF, in co-operation with the World Bank, is also financing the drilling of and fittings for some 30 boreholes in six provincial towns ($850,000).

67. In addition, two pilot projects in slum rehabilitation ($1,036,000) and low cost housing ($1,576,000) have been financed by UNCDF to support the Government's programme in Conakry for improvement of the water and electricity supply and the unsanitary and crowded housing conditions and educational facilities. UNCDF is also assisting the Government in attaining some of its objectives in the field of livestock development. Five veterinary centres in livestock breeding are being established in Upper Guinea to assure the treatment of 31,000 animals per year in order to reduce animal mortality and increase milk production.

Haiti

68. UNCDF's involvement in Haiti dates from 1977, when nine projects totaling $7.4 million were approved. In keeping with the Government's objectives, activities have been concentrated mainly in two areas: improvement of agricultural production and related infrastructure, and improvement of social services.

69. A co-operative livestock project in the Central Plains ($1,004,000) is designed to increase the output of meat and milk for domestic consumption. Another project ($287,000) is assisting five coffee producing co-operatives in Southwest Haiti in improving marketing and distribution systems. Improved storage facilities have been provided and a revolving fund has been established, to help to increase the incomes of some 3,500 co-operativemembers and...
their families (about 18,000 people). A feeder road projects ($214,000) will improve transportation of agricultural inputs and products to and from a remote irrigated zone in the area of Gonaïves. Two food storage projects ($369,000) one of them in conjunction with WFP, will construct a number of grain warehouses throughout the country. In addition, a number of projects provide for housing and domestic water supply, including a slum rehabilitation project ($1,308,000) in Central Port-au-Prince, a low-cost housing project ($1,404,000) in the city's outskirts, and two rural water supply projects which are providing safe drinking water to some 50,000 people in the Central Plateau, and Les Cayes for a total cost to UNCDF of $2.0 million.

Laos

70. The Government of Laos has established, among its highest priorities, the development of infrastructure aimed at improving rice production. UNCDF's assistance, which began in 1979, is therefore concentrated in this critical area. Two schemes are being financed by UNCDF in major rice growing zones and are expected to result in significant increases in production by 1982.

71. The first project ($1,872,500) will provide equipment for an irrigation brigade working in the Xieng Khouang Province to rehabilitate several existing dams and irrigation works and to construct a new dam. In addition to the 2,000 ha. to be improved by rehabilitation of existing irrigation, more than 3,000 ha. will be bought under irrigation for paddy production. The second project ($825,000) is designed to rehabilitate 275 non-functioning rice mills in the provinces of Vientiane, Savannakhet, and Champassak by providing needed spare parts. In addition, a new rice mill will be established in Pakse with a capacity of 10,000 tons per year, thus helping to increase overall milling capacity by about 90 per cent, and reducing the rice deficit.

Lesotho

72. Starting in 1975, UNCDF assistance to date amounts to $2.7 million for four projects in the fields of low-cost housing, sanitation in schools, an asparagus processing plant and financing of credit unions.

73. Assistance amounting to $845,000 was given to Lesotho's first co-operative, low-cost housing programme, which primarily benefits the urban poor in the capital. This project was successfully completed in 1978 with the construction of 185 houses. As part of this project, workshops have been established for production of building components, cement blocks and furniture, which were previously being imported from South Africa at high costs. The workshops are employing 62 workers. The Fund is also providing assistance aimed at developing agro-industries. For example, two grants amounting to
$1,397,000 have helped to establish and expand a cannery to process asparagus and other horticultural crops. The plant employs about 70 workers, mostly women. On completion of the expansion programme which is underway, the plant will employ more than 150 workers.

Malawi

74. Since 1975, UNCDF has provided assistance of $8.4 million to Malawi for nine projects in the areas of irrigation, agricultural credit, food storage, credit for small businesses, water supply, health and rehabilitation of the handicapped.

75. The irrigation project ($648,000) is designed to rehabilitate 16 irrigation schemes bordering Lake Malawi, Lake Chilwa and the lower Shire River. The food storage project ($220,000) is constructing three warehouses for the storage of WFP commodities at Lilongwe, Blantyre and Mzuzu. The agricultural credit project ($1,292,000) is designed to extend seasonal credit to small farmers all over the country on a revolving fund basis. The small business loans project ($100,000), assisted by UNDP/ILO, will provide credit facilities to small entrepreneurs. Two water supply projects ($1,749,000) are designed to supply clean water to some 1.3 million people in the rural areas all over the country by constructing new and/or rehabilitating existing boreholes and standpipes. The health facilities project ($1,873,000) will construct eleven sub-centres in various parts of the country benefiting some 120,000 people. The project for rehabilitation of the handicapped is designed to train 200 handicapped persons per year. One project ($1,600,000), designed to provide health and credit facilities within a large integrated rural development programme known as Lilongwe Land Development Area, has now been completed.

Maldives

76. In Maldives, UNCDF is financing a project for development of health facilities, water supply and sanitation at a cost $1,238,000. This is in line with the Government's policy of giving high priority to improving social services, particularly in the rural areas where water-borne and tropical diseases are prevalent and facilities for preventive and curative measures are lacking. The UNCDF financing will construct 15 health centres in the atolls, covering over 153 islands, 49 rainwater storage tanks and 80 community latrines in Male. A total of 100,000 people is expected to benefit from these facilities.
Mali

77. The Government of Mali gives high priority to agriculture, water and power development, agro-industries and road transport. The UNCDF programme reflects these priorities, concentrating on water resources development, and agricultural development.

78. A UNCDF grant of $1,679,000 is financing the construction of a reservoir and is providing a drinking water supply and distribution network for a population of 18,000 in Nioro du Sahel. Another water supply project is located in the Dogon Plain, a highly populated area where long periods of drought have adversely affected agricultural production. UNCDF is providing $516,000 for the construction of five small dams and for the purchase of farm implements for five villages, benefiting 3,500 farmers dependent on subsistence farming. A third project, located at a government seed farm in the town of Bagougu, will improve the regulation of water levels in rice fields, thereby increasing production of improved rice seeds and permitting cultivation of an additional 4,000 ha of land. Another project will provide about 100 pumps for rural boreholes in the poorest areas of Mali, benefiting some 150,000 people. The other UNCDF projects are related to rural development, and include grants for construction of slaughtering facilities ($1,041,000) and rural credit in the Kaarta region ($465,000), equipment for Radio Mali to support rural broadcasting programmes for agricultural extension and social services ($218,000); and construction of a dike/feeder road in the Farako region to improve the marketing of cereals and prevent flooding ($660,000).

Mauritania

79. UNCDF began operations in Mauritania in 1980 with the approval of two projects for a total of about $5 million. Both projects respond to urgent development problems occasioned by a persistent drought which is causing continuing desert encroachment and substantial drop in rainfed farming.

80. Under co-financing arrangements, UNCDF and UNSO are co-operating with the Government of Mauritania in a major feeder roads programme. The total foreign exchange cost of the project is $4.4 million, of which UNCDF is financing $2.8 million and UNSO $1.5 million for an initial phase of 120 km of all-weather feeder road. Another project grant will provide about $2.3 million for the purchase of earth-moving and other civil works equipment for the construction of several earth dams to be built north of Kiffa. These dams will permit seasonal impoundment of rainfall for irrigation, which should significantly increase agricultural productivity. The project, which will be carried out in co-operation with UNSO, UNDP, and UNEP, will also help reduce the rate of desert encroachment.
Nepal

81. UNCDF is financing seven projects for a total of $13.8 million in Nepal, covering rural water supply and sanitation, irrigation schemes, rural electrification and road construction. The UNCDF programme in Nepal has closely followed the national development priorities which give special emphasis to economic and social infrastructure and food production.

82. The two water supply and sanitation projects amounting to $3.9 million are designed to meet the critical needs of the hilly communities in the Eastern and Far Western Regions. It is expected that more than 200,000 people will have clean drinking water following completion of these projects. The two irrigation projects, amounting to about $4.0 million, will bring more than 11,000 hectares of land under irrigation enabling the raising of crops during the winter season. The two rural electrification projects, totaling $3.8 million, will supply electricity to remote rural areas from small and simple hydropower schemes. Similarly, the road project will benefit some 55,000 people in the southern part of the Far Western Region.

Nicaragua

83. UNCDF's assistance to Nicaragua started in 1980 as a result of General Assembly resolution 34/8 which urged international organizations to support the reconstruction of the country's economy. Emergency assistance of $2.0 million was granted to combat the upsurge of malaria, a consequence of discontinued control programmes due to the civil disturbances. The Fund's contribution was for drugs, insecticides and equipment for malaria eradication together with vehicles and boats to assure access to the dispersed population. The project is utilizing the services of 180,000 teachers and students who are participating in the National Literacy Training Campaign for the detection of malaria and administration of treatment in the outlying areas of the country. WHO/PAHO have provided technical assistance to the Government agency supervising the operations. The project is designed to cover the entire country and is progressing well. A number of project proposals are currently being examined for future funding.

Niger

84. UNCDF has provided assistance to Niger since 1974. In keeping with the Government's priority objectives, eleven projects have been financed for a total of $6.0 million in the fields of water and agricultural development, cattle improvement, manufacture of farm implements, and feeder roads.

/...
85. Five of these projects are located in the Tahoua Department, where the population has suffered severely from the drought. In this pastoral region, UNCDF, in co-operation with the UNSO, is financing the construction of an important feeder roads programme to open up the Sahel region for development. The UNCDF contribution of $2,250,000 is to be used for the purchase of road construction equipment. Also in the Department of Tahoua, UNCDF has financed a project for $810,000 for the manufacture of agriculture tools and equipment, a project for $480,000 to replenish the stock of sheep flocks, and a project for $444,000 to finance the drilling of 20 deep wells. In addition, an agricultural credit project will make short and medium-term credit available to agricultural co-operatives. The other five projects amount to a total of $1,537,000. Three of these are located in the Dosso region, and include a cattle fattening project, a training centre, and a project for assistance to young farmers. In the Niamey region two projects are assisting the "Office d'Etude des Eaux de Sous-sol" (OFEDES), the national water authority.

People's Democratic Republic of Yemen

86. UNCDF initiated its assistance to the country in 1976. By the end of 1980, total assistance amounted to $7.1 million for 7 projects in the fields of agriculture, integrated rural development, low-income housing, water supply and health.

87. The integrated rural development project ($1.3 million), which is also supported by UNDP, is designed to serve 100,000 bedouins in the northern part of the country by providing water by assisting in animal husbandry and vocational training. The project in the agricultural sector ($825,000) is designed to promote large-scale mechanized production of food crops on the state and co-operative farms; the project for grain storage ($1,085,000) will reduce post-harvest losses. The water supply project ($1,100,000) which is being implemented with the help of UNICEF will benefit 65,000 small farmers, fishermen, and labourers as well as 60,000 animals. The health project ($1,505,500) aims at building 51 health units and 2 health centres using self-help labour. The project will benefit 499,000 people in the rural areas. The low-income housing project ($1,144,000) is designed to build 400 houses with related utilities in the Aden area.

Rwanda

88. The Government of Rwanda has given high priority to increasing food production, and to providing the physical and institutional infrastructure necessary to support the agriculture sector. In keeping with these basic objectives, UNCDF since 1977 has committed a total of $3.5 million for five projects in Rwanda.
89. A project for grain storage ($280,000), undertaken in co-operation with CLUSA (Co-operative League of the USA) is providing seven co-operative grain storage facilities with a capacity of 560 tons. The first three silos were constructed in Cyeru, Nyarutoyum and Giloro. A project for feeder roads ($648,000) will provide the food-producing regions of Kibungo and Bugesera in the Eastern part of the country with access to markets in the densely populated food deficit areas of Butare, Gikongoro and Gitarama. A tick control project ($132,000) in which FAO is also involved, provided equipment to treat cattle in the prefectures of Kibuye, Gisenyi, Ruhengeri, and Kibungo. In co-operation with UNDP, UNCDF is participating in the financing of a pyrethrum refinery ($1,610,000), executed by UNIDO, which should enable Rwanda to maximize returns from the extraction of a natural insecticide from the pyrethrum flower. A project for rural training ($829,000) is financing construction of twelve post-primary training centres for 1,000 rural primary school graduates. The centres will also provide extension information to participating adult farmers.

Samoa

90. In line with the country's third Five-Year Development Plan which is putting heavy emphasis on village development programme, UNCDF is financing a project for rural electrification amounting to $1,374,000.

91. The project, which is scheduled to be completed in 1982, is expected to provide low-cost electricity from a wood-fueled generating plant of an existing Government saw mill to some 25,000 villagers on the island of Savai'i. The electricity will also be available for the deep boreholes, water pipelines, hospitals and health centres, village schools, ice plants and refrigerated fish stores.

Senegal

92. UNCDF began its operations in Senegal in 1979, after approving a project ($151,000) to provide equipment for three rural workshops for the maintenance of irrigation pumps for rice production along the Senegal River basin. The project will reduce crop loss due to pump breakdowns at critical times, by introducing regular and systematic pump overhauls.

93. Six proposals are presently being studied by the Fund which are related to the Government's priorities for increasing agricultural production, and improving rural education as well as providing safe drinking water.
Somalia

94. The greater part of Somalia is arid or semi-arid and suffers from periodic drought of severe dimensions. The Government has therefore given high priority to the development of water resources, food production, and related infrastructure.

95. UNCDF has so far provided assistance to Somalia for one project amounting to $1.6 million to finance the importation and installation of seven maize-drying plants in six major maize-producing districts to reduce losses resulting from storage of moist maize. A programming mission fielded in 1980 identified a number of new projects in consultation with the Government. These are now under consideration for future funding.

Sudan

96. Development planning in Sudan is aimed at increasing agricultural production, including production from fisheries and livestock, and strengthening the provision of social services. Since 1979, UNCDF has approved a total assistance of $7.9 million for six priority projects relating to fish marketing, livestock development, health services and water supply, low-cost housing, and mobile workshops.

97. The fish marketing project ($638,000) is designed to expand commercial inland fishing by providing fish marketing co-operative with boats, storage and marketing facilities. The livestock development project ($1,974,000) aims at creating rich pasture lands for at least three additional months per year for 80,000 inhabitants in Dinka region of Jonglei Canal Area by providing dikes, embankments and small water reservoirs. The health services and water supply project ($1,090,000) is designed to benefit some 80,000 inhabitants in the Dinka area. The housing project ($1,500,000) is designed to provide 760 houses to labour union members organized into co-operatives in the area of Khartoum. Another project ($831,500) will provide mobile workshops in six northern provinces in order to service and repair cooperative owned machinery. The co-operative training centre project ($1,889,000) aims at constructing and equipping a regional centre for training members of co-operatives and managers responsible for these important activities.

United Republic of Tanzania

98. UNCDF's assistance to the United Republic of Tanzania commenced in 1974. To the end of 1980, a total of $9.8 million had been committed for two projects in water supply and health, three projects in irrigated rice production,
one for agricultural credit and one for integrated rural development. These activities are consistent with the Government's development priority.

99. The water supply and health projects ($3.2 million), which are being executed in collaboration of IDA and UNICEF, are located in the Kogoma and Iringa-Rukwa regions, and are designed to benefit over 325,000 villagers. The three rice irrigation projects ($6.0 million) approved in 1980 are designed to augment domestic food production, save foreign exchange and increase the incomes of some 5,530 small farm families. One of these projects is located in Zanzibar and the other two in the north-eastern and central parts of the mainland. The agricultural credit project ($400,000), to which an equal amount has been contributed by the Government, is designed to restore credit facilities for the village co-operatives, which had defaulted due to the drought. The community development project ($173,000) is designed to establish, on a self-help basis, a number of facilities in the remote areas if Singida, Ruvuma and Mtwarra regions.

Upper Volta

100. UNCDF has provided assistance to Upper Volta since 1974 in the field of agricultural development which is accorded high priority by the Government. Six projects have been approved for a total amount of $4,033,000.

101. One project ($872,000) is financing the purchase of heavy equipment for constructing 40 earth dams to irrigate farmland, provide water for cattle and increase food production. Two projects ($666,000) are related to the improvement of market facilities in three rural centres. A fourth project ($374,000) is financing a credit scheme for provision of oxen, farm tools, seed and fertilizer to subsistence farmers in the vicinity of Bobo-Dioulasso. UNCDF has also financed the construction of two workshops located in Ouagadougou and Bobo-Dioulasso which produce animal-drawn plows, and cultivators.

Viet Nam

102. In accordance with General Assembly resolution 32/3 of 1977, assistance is being provided to Viet Nam although the country is not officially classified as an LDC. The Fund is supporting the Government's efforts to achieve self-sufficiency in food production and to improve the management of water resources.

103. The Fund is financing one project ($1,992,000) which will supply equipment to construct a dam and irrigation system that will allow 23,000 hectares of new land in Quang Nam-Da Province to be brought under cultivation, thereby
increasing production by more than 62,000 tons of rice and vegetable crops annually. About 300,000 low-income people will benefit from the project. A hydro-electric plant with a capacity of 1,890 kw will supply electricity for irrigation pumps and domestic use. In addition, the dam will regulate the course of the Tam Ky River, controlling flooding and permitting triple-cropping. Project operations began in 1980 and are proceeding smoothly.

Yemen Arab Republic

104. Since 1976, UNCDF has approved assistance of $9.6 million for eight projects in the fields of water supply, health facilities, agricultural production, food storage, small dams maintenance, low-cost housing and small industries. All the UNCDF-financed projects in Yemen are in the priority areas as determined by the country's development strategy.

105. The rural water supply project with a cost to UNCDF of $1,500,000 will provide the needed pipes and parts to connect about 30 villages in the governorates of Beid, Dhummar, Ibb, Hodeida, Saadah, Sana'a and Taiz, benefiting some 100,000 low-income farmers. The rural health centres project ($2,169,000) being implemented with the help of UNICEF will facilitate provision of primary health care services to about 540,000 people by upgrading 17 health centres in 17 governorates, constructing 165 primary health care units, and upgrading 25 others and training 330 health workers and birth attendants. Three projects in agriculture, irrigation, and food storage, with a total cost of $2,283,000 will make available to farmers agricultural technology, provide dam maintenance units and construct food storage facilities, benefiting some 374,000 people in the governorates of Al Beida, Dhummar, Hodeida, Ibb, Sana'a and Taiz. The small industries project ($1,000,000) will benefit capable, small entrepreneurs in the governorates of Hodeida, Ibb, Taix, and Sana'a.

III. ADMINISTRATIVE MATTERS

Personnel

106. A number of important developments occurred in the area of personnel management. In mid-March 1980, a Deputy Executive Secretary was appointed and a successor to the outgoing Executive Secretary was designated in November. The new Executive Secretary took up his duties early in the new year.

107. In the course of the year an internal management review of functions and responsibilities was undertaken, resulting in a re-organization of the Fund's structure and in recruitment of additional staff. A detailed workload analysis, together with Governing Council decision 79/21, provided a basis for the
Administrator to authorize advance recruitment of six professional and eight General Service staff, subject to approval by the Governing Council at its twenty-eighth session. By year-end, these posts had been filled with two exceptions for which recruitment is underway.

108. The question of the Fund's personnel requirements has been carefully studied by the Administrator. In view of the fact that the Fund will most likely be authorized by the General Assembly at its next session to take over full responsibility for its administrative costs, it has been considered appropriate to defer any detailed discussion of the Fund's staff levels until such time as they can be looked at as distinct from UNDP staff requirements. The Administrator wishes nonetheless to emphasize that he will continue to exercise overall management responsibility for the Fund, including its administrative requirements and a further review of the Fund's personnel situation will be undertaken at the end of 1981 in the light of programme performance this year and updated projections for 1982-1983.

109. The Governing Council in its decision 79/21 has already recognized the desirability of giving the Fund sufficient flexibility in mobilizing the administrative resources needed to respond quickly and effectively to programme requirements. A draft decision referring this matter again to the General Assembly appears in Chapter IV.

Secretariat Costs

110. The Fund's administrative costs in 1980 totaled $1.2 million. A breakdown of administrative costs by year is given in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Programme commitments</th>
<th>Administrative costs</th>
<th>Per cent of commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>US$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>18.9</td>
<td>168,000</td>
<td>.9%</td>
</tr>
<tr>
<td>1976</td>
<td>13.5</td>
<td>222,150</td>
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<tr>
<td>1977</td>
<td>12.5</td>
<td>322,000</td>
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</tr>
<tr>
<td>1978</td>
<td>26.2</td>
<td>475,500</td>
<td>1.8%</td>
</tr>
<tr>
<td>1979</td>
<td>41.3</td>
<td>524,528</td>
<td>1.2%</td>
</tr>
<tr>
<td>1980</td>
<td>52.8</td>
<td>1,212,363</td>
<td>2.3%</td>
</tr>
<tr>
<td>1981</td>
<td>70.0 (Est.)</td>
<td>1,362,569 (Est.)</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

a/ Covers salaries and wages, common staff costs, consultant costs, staff travel and general operating expenses.
lll. As regards the source of financing for the Fund's administrative expenses, it will be recalled that the Governing Council decided, at its twenty-seventh session, that the Fund should reimburse UNDP for its administrative expenses, using for this purpose its accrued earnings derived from interest on investments and foreign exchange transfers. The Council, at the same time, decided to request the Economic and Social Council to recommend to the General Assembly that the administrative expenses of the Fund be met from its own resources.4/

ll2. The General Assembly again deferred consideration of this matter and indicated that a decision would be taken at its thirty-sixth session.5/ The Council may therefore wish to reiterate its position along the lines of the recommendation appearing in para. l13 below.

IV. RECOMMENDATION

113. The Administrator recommends that:

The Governing Council:

(a) Take note of the Annual Report of the Administrator, DP/536;

(b) Further take note of General Assembly decision 35/422;

(c) Reiterate its request to the Economic and Social Council that it recommend to the General Assembly that UNCDF be authorized to utilize its own resources to finance its administrative costs; and

(d) Reaffirm that, paragraph (c) above notwithstanding, UNDP will continue to provide to the Fund all field support services as well as all headquarters administrative support services.

---


5/ General Assembly decision 35/422
Annex I

FINANCIAL STATEMENTS AS AT 31 DECEMBER 1980

Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
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</thead>
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<tr>
<td>Cash</td>
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<tr>
<td>Convertible currencies</td>
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<tr>
<td>Usable non-convertible currencies</td>
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<tr>
<td>Accumulated non-convertible currencies</td>
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<tr>
<td>Investments (short-term)</td>
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<tr>
<td>Letters of credit</td>
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<tr>
<td>Operating funds provided to United Nations Agencies</td>
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<tr>
<td>Account receivable</td>
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<td>Accrued interest</td>
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<tr>
<th>Contributions pledged by Governments for current and prior years</th>
<th>1,655,190</th>
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<tbody>
<tr>
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<td>102,406,914</td>
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Liabilities and Reserves

<table>
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<tr>
<th>Liabilities and Reserves</th>
<th>US dollars</th>
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<td>Accounts payable</td>
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<td>Contributions pledged by Governments</td>
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Reserves

<table>
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<tr>
<th>Reserves</th>
<th>US dollars</th>
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<td>Balance 1 January 1980</td>
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</tr>
<tr>
<td>Add: Excess of income over expenditure</td>
<td>18,911,081</td>
</tr>
<tr>
<td>Less: Transfers to Operational and Guarantee Reserve</td>
<td>(1,800,000)</td>
</tr>
<tr>
<td>Balance 31 December 1980</td>
<td>69,124,703</td>
</tr>
<tr>
<td>Operational Reserve</td>
<td>22,100,000</td>
</tr>
<tr>
<td>Guarantee Reserve</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>102,406,914</td>
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</tbody>
</table>

Statement of Receipts and Expenditures

<table>
<thead>
<tr>
<th>Statement of Receipts and Expenditures</th>
<th>US dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary contributions from Governments</td>
<td>29,504,860</td>
</tr>
<tr>
<td>Interest income</td>
<td>10,161,535</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>(908,900)</td>
</tr>
<tr>
<td></td>
<td>38,757,495</td>
</tr>
<tr>
<td>Less: Expenditure</td>
<td>(19,846,414)</td>
</tr>
<tr>
<td>Projects costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18,911,081</td>
</tr>
</tbody>
</table>

\[a/\] Subject to audit

\[b/\] Includes Operational and Guarantee Reserve investments of $22,700,000

\[c/\] Represented by: Unspent allocations 108,405,238

Guarantees 2,834,000

Allocations in excess of resources (42,114,535)
### Annex II

**Approved projects by main fields of activity**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of projects</td>
<td>Amount (US$M)</td>
</tr>
<tr>
<td>Agriculture, fisheries and livestock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crop production and improvement</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Crop storage and market infrastructure</td>
<td>6</td>
<td>5.2</td>
</tr>
<tr>
<td>Land conservation and rehabilitation</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>Water resources development (Irrigation)</td>
<td>7</td>
<td>13.1</td>
</tr>
<tr>
<td>Training and extension services</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>Credit</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>2</td>
<td>2.3</td>
</tr>
<tr>
<td>Integrated rural development</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fisheries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Livestock</td>
<td>3</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td><strong>24</strong></td>
<td><strong>26.9</strong></td>
</tr>
<tr>
<td>Small industry and handicrafts</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Rural and feeder roads</td>
<td>3</td>
<td>7.1</td>
</tr>
<tr>
<td>Rural electrifications</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Low-cost housing</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Potable water supply</td>
<td>7</td>
<td>9.1</td>
</tr>
<tr>
<td>Rural health facilities</td>
<td>1</td>
<td>2.7</td>
</tr>
<tr>
<td>Rural schools</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>Social welfare</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td><strong>39</strong></td>
<td><strong>52.85</strong></td>
</tr>
</tbody>
</table>

**A**/ The amounts above are inclusive of grant increases approved for existing projects.