GOVERNING COUNCIL
Twenty-eighth session
June 1981
Agenda item 5 (b)

UNDP: PLANNING FOR THE 1980s

Comments by the Food and Agriculture Organization of the United Nations

Summary

The attached paper, prepared by FAO in order to facilitate transmittal of FAO's official comments to the Governing Council's twenty-eighth session (9-29 June 1981), is circulated at the request of the Director-General of FAO.
1. Uncertainty about resource mobilization has put the whole concept of UNDP country programming into jeopardy, particularly since the financial crisis in 1974-75. Firm commitments on voluntary contributions continue to be made on a year by year basis. This would bring into question the validity of any forecasts for a five-year period, including the revised estimates of resource mobilization being presented by the Administrator for the third cycle, 1982-86.

2. In view of these uncertainties, the UNDP/Inter-Agency Task Force should be asked to reassess the continuing validity of the present approach to country programming and explore alternative options for allocation of UNDP inputs on a more predictable basis.

3. The implications of anticipated shortfall in resource mobilization for 1982-86 over the estimates presented less than a year ago should be examined more forcefully in the context of their impact on the overall economic and social development of developing countries. That, in fact, should be the major thrust of the discussion by the Governing Council, aimed specifically at persuading donor countries to maintain the level of the field programme envisaged at the time of the last Governing Council.

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1/ Summary of remarks made by the Director-General of FAO at the special meeting between the UNDP Administrator and Executive Heads of Specialized Agencies and other UN organs in Geneva on 15 April 1981. All references in these notes are to Conference Room Paper 2 (referred to as "UNDP paper" throughout these notes) circulated at this meeting. This UNDP paper will also be used for informal consultations with representatives of members of the Governing Council in New York on 29-30 April 1981.

2/ See paragraphs 2, 3 and 12 of UNDP paper.
4. If the resource base cannot be raised to this minimum level, UNDP's administrative budget will have to be scaled down accordingly, instead of searching for new avenues for utilizing surplus administrative capacity. Reductions may have to be made not only in the field offices, but also at the headquarters of UNDP as well. 3/

5. This may also help to restore complementarity between the primary functions of UNDP and the Specialized Agencies respectively. Expansion of staff at UNDP headquarters and in its field offices has unfortunately led them to second-guess and even supplant the Specialized Agencies in essentially technical matters, thereby creating unnecessary strains within the UN Development system. Direct execution by OPE is a glaring example of such strains.

6. The administrative budget of UNDP is now out of proportion to the size of the field programme. If no cuts are made as suggested above, the proportion of UNDP's administrative budget is estimated to go up to almost 20 percent of the field programme as against 11.5 percent estimated less than a year ago. Agency support costs, as foreseen by UNDP itself, will go down in any case both in absolute terms and as a proportion of the field programme. 4/

7. There is need to define more clearly the nature and scope of the "new global special funds" which UNDP would wish to bring under its "administrative umbrella". It should be unequivocally stated, for example, that UNDP is not laying claim, now or in future, to the special development programmes which are integral parts of the activities of the Specialized Agencies. 5/

3/ See paragraphs 14, 20 and 21 of the UNDP paper

4/ See Table attached to the UNDP paper

5/ See paragraphs 18 and 19 of the UNDP paper
8. The arguments in the paper on cost sharing arrangements\(^6\) are difficult to follow, but seem to carry the message that UNDP wishes to compete with the Specialized Agencies to attract Trust Funds financed by individual developing countries themselves or by third party donors. The argument that programme cost sharing, i.e. putting funds in the hands of UNDP is preferable to project cost sharing, i.e. putting trust funds in the hands of Specialized Agencies, seems particularly dubious. It ignores the attraction of the latter to both donors and recipients of clearly defining in advance the specific objectives, purposes, means of action and executing responsibilities to be financed, and the economy obtained by not having to contribute to UNDP's administrative costs as well as to the support costs of the executing agency. Furthermore, UNDP's proposals would have the effect of interposing an extra layer of bureaucracy which would delay and undermine efficiency of implementation, unless it is the intention to allocate such projects for implementation by UNDP itself through OPE. There is also a danger that wide-scale adoption of these proposals would be regarded as a substitute for providing adequate resources to meet the previously agreed target for UNDP's planning cycle 1982-83.

9. The CONCLUSION\(^7\) seems to bear little relation to the serious central problem of shortage of UNDP resources as set out in the opening section of the paper. The arguments in paragraph 27 in favour of "a single, general-purpose funding mechanism" are theoretical and offer no hope of obtaining additional resources. Moreover, in paragraph 28, it is admitted that both the developing and the donor countries have continued to support the creation of separate, specific-purpose funds or programmes.\(^8\) In addition to their attractions in terms

\(^6\) See paragraphs 22-26 of the UNDP paper

\(^7\) See paragraphs 27-29 of the UNDP paper

\(^8\) See paragraph 28 of the UNDP paper
of relevance to global priorities, identification of sectoral and other responsibilities, efficiency and economy, one of the reasons for donors and recipients preferring separate specific purpose funds has been their perception that the adoption of a single central funding mechanism might facilitate the reduction rather than the increase of resource flows, as well as favouring political pressures.

To sum up:

(a) It is suggested that the discussions in the UNDP Governing Council should focus on persuading the major donors to maintain UNDP's resource base to the level envisaged at the time of the last session of the Council.

(b) The matter is of such great importance to the developing countries that the Governing Council should encourage the Administrator to mount a sustained campaign to touch the conscience of donor countries.

(c) At the same time, it is inescapable for UNDP to take appropriate measures, however unpleasant these may seem, to reduce its administrative budget to an acceptable proportion of the field programme.

(d) As already suggested in paragraph 2 above, in view of the gravity of the situation facing UNDP and the Specialized Agencies alike, all relevant issues connected with resource mobilization and allocation should be studied in depth by the UNDP/Inter-Agency Task Force and CCSQ(OPS). FAO will cooperate actively in this undertaking.