

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP

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SUPPORT

PROGRAMME IMPLEMENTATION

ANNUAL REPORT
OF THE ADMINISTRATOR
FOR 1981*

THE 10-YEAR RECORD
THE RECORD IN 1981

* Section C of the present report, entitled "Special funds and activities," will be issued separately as document DP/1982/6/Add.1/Annex.

EXECUTING AGENCIES OF UNDP IN 1981

United Nations
International Labour Organisation (ILO)
Food and Agriculture Organization of the United Nations (FAO)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
World Health Organization (WHO)
International Civil Aviation Organization (ICAO)
World Meteorological Organization (WMO)
Inter-Governmental Maritime Consultative Organization (IMCO)
International Telecommunication Union (ITU)
International Atomic Energy Agency (IAEA)
United Nations Industrial Development Organization (UNIDO)
United Nations Conference on Trade and Development (UNCTAD)
Universal Postal Union (UPU)
World Bank
Inter-American Development Bank (IDB)
African Development Bank (ADB)
Asian Development Bank (AsDB)
Arab Fund for Economic and Social Development (AFESD)
World Tourism Organization (WTO)
World Intellectual Property Organization (WIPO)
United Nations Centre for Human Settlements (HABITAT)
United Nations Centre on Transnational Corporations (UNCTC)
Economic Commission for Africa (ECA)
Economic Commission for Western Asia (ECWA)
Economic and Social Commission for Asia and the Pacific (ESCAP)
Economic Commission for Latin America (ECLA)
Economic Commission for Europe (ECE)

OTHER PARTICIPATING ORGANIZATIONS

United Nations Fund for Population Activities (UNFPA)
United Nations Children's Fund (UNICEF)
World Food Programme (WFP)
United Nations High Commissioner for Refugees (UNHCR)
International Fund for Agricultural Development (IFAD)
United Nations Environment Programme (UNEP)
Office of the United Nations Disaster Relief Co-ordinator (UNDRO)
United Nations Fund for Drug Abuse Control (UNFDAC)

FUNDS ADMINISTERED BY UNDP OR ITS ADMINISTRATOR

Special Measures Fund for Least Developed Countries
United Nations Capital Development Fund (UNCDF)
United Nations Volunteers (UNV)
United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)
United Nations Trust Fund for Colonial Countries and Peoples
United Nations Sudano-Sahelian Office (UNSO)
United Nations Special Fund for Land-Locked Developing Countries
Financing System for Science and Technology for Development (FSSTD)
Voluntary Fund for the United Nations Decade for Women
United Nations Trust Fund for Operational Programme in Lesotho
United Nations Trust Fund for Operational Personnel in Swaziland
Trust Fund Programme for the Republic of Zaire
United Nations Special Relief Office in Bangladesh

UNDP AT A GLANCE

Programme Financing: 1972-1981
(\$ million)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981 ^{a/}
Voluntary Contributions Pledged	268.4	307.5	337.4	405.9	466.2	524.6	597.2	697.1	716.6	673.3
Income ^{c/}										
Total	295.2	359.1	370.8	458.9	553.6	610.3	703.4	798.9	821.4	804.3
Voluntary Contributions Received	267.9	312.6	327.5	418.8	468.6	521.6	593.0	679.5	691.8	688.7
Assessed Programme Costs	10.8	13.1	11.5	13.4	18.0	3.7	2.0	0.4	1.7	1.3
Cost Sharing	-	0.9	5.5	14.1	47.8	47.4	44.4	41.9	58.2	62.7
Other Contributions	3.4	13.1	16.3	20.2	14.8	11.8	14.5	14.6	21.0	23.2
Miscellaneous	13.1	19.4	10.0	(7.6)	4.4	25.8	49.5	62.5	48.7	28.4
Expenditures ^{c/}										
Total	338.0	356.3	406.1	547.1	517.7	444.3	558.6	699.1	864.0	937.5
Field Programme Activities ^{b/}	277.3	274.7	294.5	426.0	400.4	337.9	435.6	547.6	677.6	731.6
Sectoral Support Costs	-	-	-	-	3.8	4.6	3.6	5.3	5.1	5.6
Other	(7.0)	11.2	26.6	11.0	4.8	2.1	1.4	2.2	1.8	1.4
Agency Support Costs	34.7	34.0	41.2	57.8	55.3	45.3	58.0	73.2	87.9	94.3
UNDP Administrative and Programme Support Costs	33.0	36.4	43.8	52.4	53.4	54.4	60.0	70.8	91.6	104.6
Project Expenditures: 1972-1981 (\$ million)										
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
UN	45.9	44.8	45.5	64.1	59.1	51.0	63.5	65.1	83.6	91.5
ILO	30.3	27.4	28.0	38.4	33.5	25.8	37.9	46.0	56.2	54.0
FAO	85.1	78.9	78.4	119.7	115.2	88.4	111.1	131.4	167.1	182.5
UNESCO	41.4	36.6	34.1	44.0	39.2	29.5	33.2	45.9	53.9	52.2
WHO	13.6	14.1	15.9	22.9	20.7	14.9	14.3	16.2	22.7	23.6
ICAO	5.9	7.3	9.8	16.2	18.4	15.1	26.3	29.5	36.1	39.8
WMO	6.0	5.3	5.7	6.8	6.6	6.6	7.8	8.7	9.9	12.4
IAEA	2.2	2.0	3.1	4.0	3.0	2.8	3.2	6.0	4.4	4.9
IMCO	0.7	1.4	1.5	2.5	2.4	2.1	2.0	2.6	5.8	7.1
ITU	8.2	10.0	11.2	16.8	17.5	12.5	16.2	20.5	27.0	32.3
UNDP	1.8	3.7	13.9	28.7	20.2	25.0	35.4	44.0	53.8	52.4
UNIDO	17.0	16.2	19.7	30.8	31.7	33.7	42.4	51.4	56.9	66.9
UNCTAD	2.9	3.9	4.4	7.8	8.4	8.1	9.5	13.2	15.8	17.1
UPU	1.1	1.4	1.7	2.4	1.4	0.6	1.5	2.1	3.6	3.3
World Bank	11.2	15.1	13.6	12.1	13.5	11.4	16.1	26.5	29.0	35.5
IDB	0.6	0.4	0.2	1.2	1.7	0.3	0.5	0.3	0.2	-
AsDB	-	0.8	0.9	1.3	1.4	0.4	0.9	1.5	3.9	2.5
AFESD	-	-	-	-	-	0.9	0.6	0.3	0.4	0.6
ECA	-	-	-	-	-	0.9	2.4	4.4	7.5	7.8
ECWA	-	-	-	-	-	0.1	0.3	0.3	0.6	0.5
ESCAP	-	-	-	-	-	1.8	2.2	3.9	6.2	5.2
ECLA	-	-	-	-	-	-	1.1	1.6	1.8	2.1
UNV	-	-	-	-	-	-	0.2	1.3	2.7	4.5
Governments	-	-	-	-	-	0.2	0.6	7.2	7.8	10.3
HABITAT	-	-	-	-	-	-	-	12.3	11.5	11.0
WIPO	-	-	-	-	-	-	-	0.2	0.4	0.5
WTO	-	-	-	-	-	-	-	0.4	0.8	0.4
ECE	-	-	-	-	-	-	-	0.1	0.2	0.9
Sub-total ^{b/}	273.9	269.3	287.6	419.7	393.9	332.1	429.2	542.9	669.8	721.8
Government cash counterpart expenditures	3.3	5.4	6.9	6.3	6.5	5.8	6.4	4.7	7.8	9.8
Total	277.3	274.7	294.5	426.0	400.4	337.9	435.6	547.6	677.6	731.6

a/ All data for 1981 are provisional.

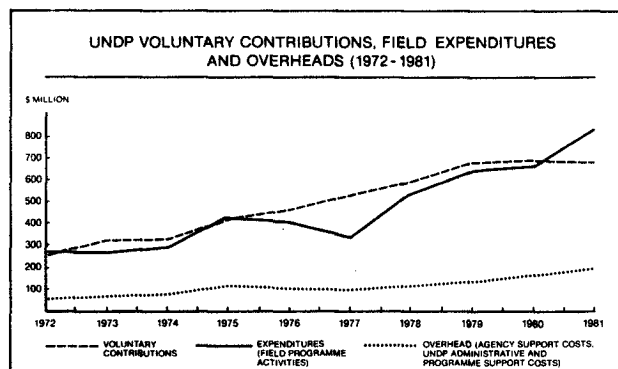
b/ Data cover expenditures financed under UNDP IPF, Programme Reserve, Special Measures Fund for Least Developed Countries, Special Industrial Services (SIS) and cost sharing.

c/ Some data have been adjusted to accommodate changes in UNDP accounting procedures.

TEN YEARS, TWO CYCLES

A Chronology of Programme Highlights, 1972-1981

- 1972: First 35 country programmes approved. High-level missions dispatched for consultations on intercountry programming. Training programmes launched to strengthen field office staffing. New, development-oriented guidelines approved for selection of Resident Representatives. Country programming principles applied for first time to interregional and global projects. Re-styled Capital Development Fund, with new orientation toward small-scale, community based grants in poorest countries, established under General Assembly Resolution 3122 (XXVIII).
- 1973: Projects Execution Division created within UNDP to carry out projects of a multidisciplinary or administrative character. Special Measures Fund for Least Developed Countries established to supplement IPF allocations for 25 LDCs. First Working Group on Technical Co-operation Among Developing Countries established at UNDP headquarters. IPF allocation decisions for second cycle (1977-1981) agreed by Governing Council, providing substantial shift in resources toward least-developed and low-income countries. System of tripartite project reviews instituted. Training Advisory Committee established at headquarters. First cost-sharing contribution by developing country Government (Iran) initiated. Country Programme Management Plans begun.
- 1974: United Nations Revolving Fund for Natural Resources Exploration established under UNDP administration. Workshops on decentralization carried out at field level. Mid-term review and recommendations of Working Group on Country Programming presented to Governing Council. New Dimensions in technical co-operation launched after endorsement by Governing Council, ECOSOC and General Assembly. Programme begins transition to output/results orientation, stress on building self reliance, use of national personnel and government execution, etc. United Nations Trust Fund for Colonial Countries and Peoples established under UNDP administration.
- 1975: Cost inflation, steep rise in delivery, leveling tendency in contributions combine to effect cash-flow crisis, sudden cutbacks in planned expenditures. Operational Reserve exhausted. Freeze on staff recruitment. Regional Economic Commissions join in closer collaboration with Programme. Programme enjoined to assist in establishment of New International Economic Order goals. New Policies and Procedures Manual issued. New Guidelines on Project Formulation.
- 1976: First cycle concludes with target goals met despite 1975 resource difficulties. Sudano-Sahelian Office (UNSO) placed under UNDP Administrator. Information Referral Service established for TCDC. Bureaux for Special Activities and for Programme Policy and Evaluation established. Resident Representatives authorized to approve projects up to \$400,000 in cost to UNDP. New Guidelines for investment-oriented projects.
- 1977: Governing Council, in role and activities decision, moves to strengthen UNDP's co-ordination, evaluation and substantive functions. Sectoral evaluation programme launched in collaboration with Agencies. Inter-Agency Task Force established at UNDP headquarters. Joint programming exercises launched by UNDP, WHO, UNFPA, UNICEF, WFP. United Nations Special Fund for Land-locked Developing Countries placed under UNDP administration, in collaboration with UNCTAD Secretariat. Regional Bureau for Arab States, Unit for Europe established. Integrated Systems Improvement Project launched to improve financial and programme information flows. "Charter" on UNDP Personnel Policies and Practices issued.
- 1978: Forward management planning system instituted for headquarters units. Inter-Agency Procurement Services Unit established to economize standard equipment purchases. Substantive, administrative support provided for first United Nations Conference on TCDC in Buenos Aires. Field office workload data on support for non-UNDP funded activities begun. Guidelines prepared for execution of projects by governments. Executive Management Committee established, headed by Deputy Administrator.
- 1979: UNDP assumes administrative responsibility for Interim Fund for Science and Technology for Development. Also undertakes basic field level administration and co-ordinating functions for United Nations Fund for Drug Abuse Control; revises and updates similar functions with office of United Nations Disaster Relief Co-ordinator. Assumes chairmanship of steering committees for Drinking Water Supply and Sanitation Decade, technical assistance measures for Group of Caribbean Nations and Centre for Diarrhoeal Disease Research in Dacca. Second mid-term Examination of Experience with Country Programming recommends continuous programming by objective. Detailed study of UNDP pre-investment and investment follow-up activities presented to Governing Council. Headquarters Staffing Review begun.
- 1980: New IPF targets approved by Governing Council for third cycle. Investment support activities strengthened with Agencies, World Bank. Global meeting of UNDP Resident Representatives convened in Tunisia. Special Energy Account established by Governing Council. UNDP assumes field level responsibility for administration of Voluntary Fund for United Nations Decade for Women. Staffing Survey extended to field offices.
- 1981: Second cycle ends with expenditures virtually on target. Governing Council approves UNDP authority for funds-in-trust expenditures.



A. Two Cycles: Qualitative and Quantitative Results

1. A decade provides an appropriate measure of time to review the work of any programme founded as an international trust for development. For UNDP, two development co-operation cycles have now been completed, each essentially on target in quantitative terms. But while technical co-operation begins with quantitative inputs, its true end and purpose lie in qualitative results. Accordingly, this section begins with a brief quantitative review and comparison of the two cycles just completed, but its main focus is on the quality of results achieved over the period.

Some two cycle aggregates

2. Voluntary contributions received by UNDP from developed and developing countries alike during the first two cycles totalled almost \$5 billion, of which \$1,795 million was contributed in the first cycle and \$3,175 million in the second. While total voluntary contributions during the first cycle somewhat exceeded on average the annual 9.6 per cent growth target set by the Governing Council for the 1972-1976 period, voluntary contributions for the second cycle fell marginally short of the expanded growth target based on annual increases of 14 per cent.

3. Other sources of income rose substantially during the second cycle, however, to help offset the shortfall. Contributions to the Special Measures Fund for Least Developed Countries totalled \$56.7 million in the 1977-1981 period, compared to \$38.2 million during 1972-1976. Most notably, cost sharing contributions to projects and programmes, made by developing country Governments themselves and third party donors, advanced sharply from \$68.3 million in the first cycle to \$254.6 million in the second, an increase of nearly 400 per cent (see Figure 1).

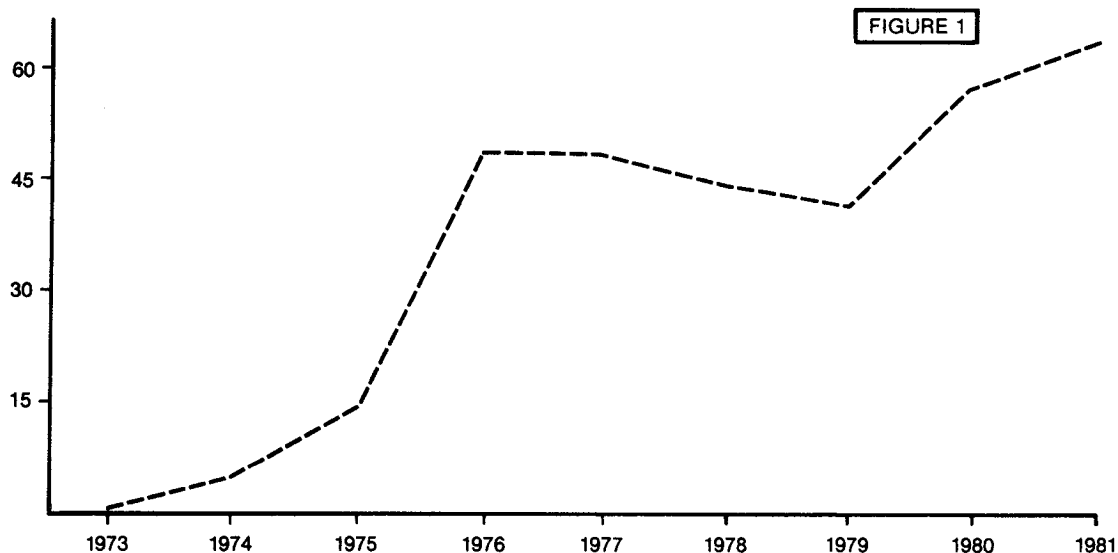
4. At the same time, other sources of Programme income declined (programme costs paid by developing countries, for example), while exchange rate fluctuations drastically reduced voluntary contributions in 1981, particularly, by \$77 million (see Figure 2).

5. Total field programme expenditures financed by UNDP rose from \$1,672.9 million in the first cycle to \$2,730.3 million in the second, for a 10-year total of \$4,403.2 million, or 89 per cent compared to voluntary contributions received over the period. UNDP administrative and programme support costs totalled \$219 million in the first cycle, \$381.4 million in the second, while agency support costs amounted to \$223 million and \$358.7 million, respectively.

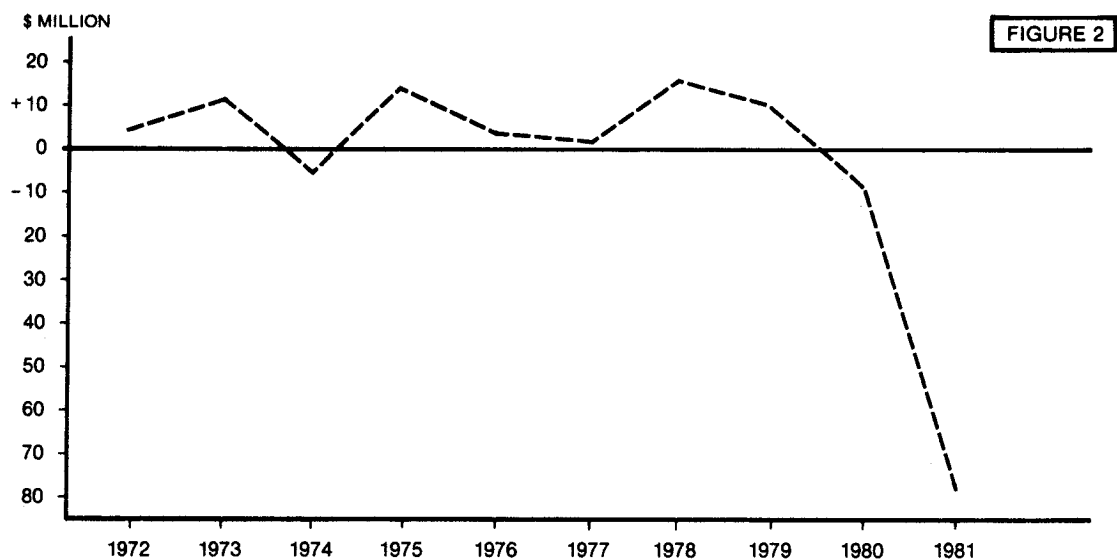
Expenditure by region and income category

6. On a regional basis, field expenditures showed a distinct shift toward lower income countries in Africa and Asia over the two cycles, together with a rise in spending for regional, interregional and global projects. The shifts reflect the major reallocation of IPF resources towards countries most in need, which has been an outstanding characteristic of the second and (in planning terms) of the third cycle. Figure 3 shows the extent of this shift in IPF allocations between the first

UNDP: GROWTH OF COST SHARING IN THE
TOTAL FIELD PROGRAMME ACTIVITIES (1973 - 1981)

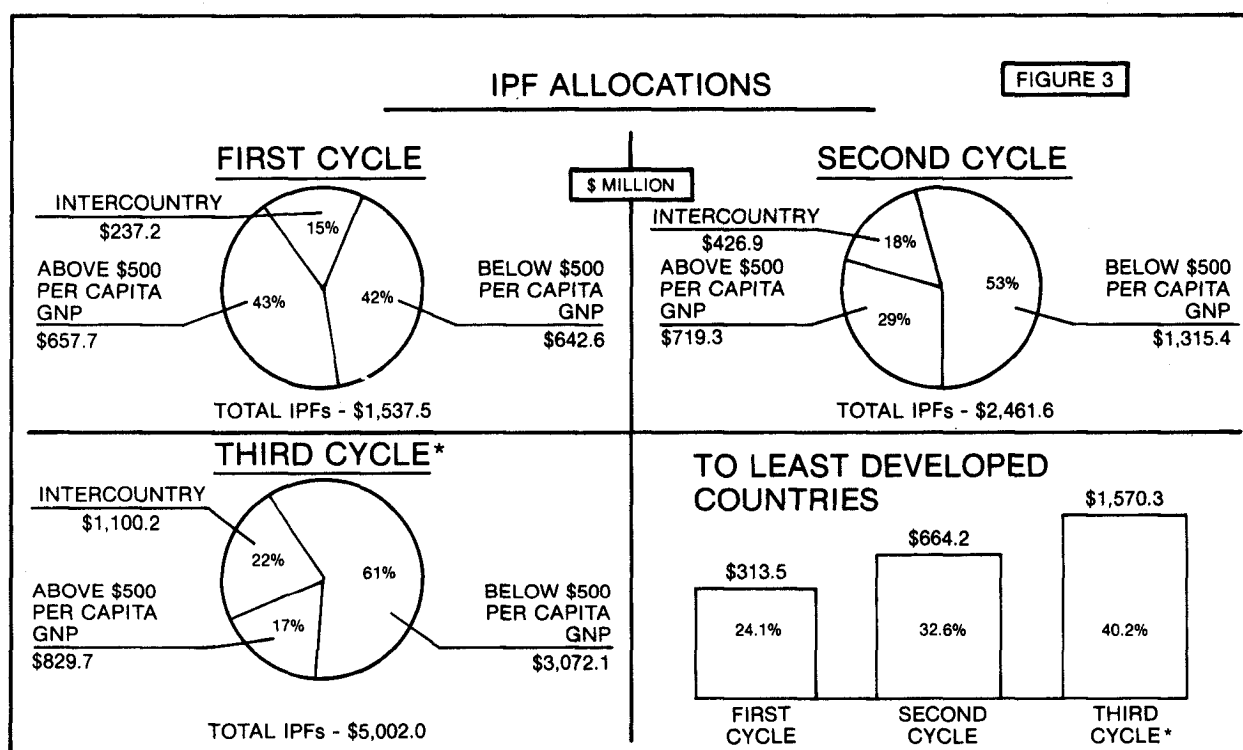


NET CHANGE IN VOLUNTARY CONTRIBUTIONS
DUE TO EXCHANGE RATE FLUCTUATIONS (1972 - 1981)



and second cycles, and as projected for the third cycle. While least developed countries, or those treated "as if" (the majority of which are in Africa), accounted for 24.1 per cent or \$313.5 million, of country IPF allocations in the first cycle, the amount more than doubled to \$664.2 million, or 32.6 per cent, in the second cycle and will more than double again to \$1,570.3 million, or 40.2 per cent of illustrative country IPF allocations, in the 1982-1986 period.

7. The pie charts in Figure 3 show a similarly marked pattern of IPF reallocation for countries with per capita GNPs under \$500. While in the first cycle these countries received less than half of total country IPF allocations, in the second cycle their share advanced to 65 per cent, and in the third cycle it is projected to advance further to almost 80 per cent of country IPF allocations.



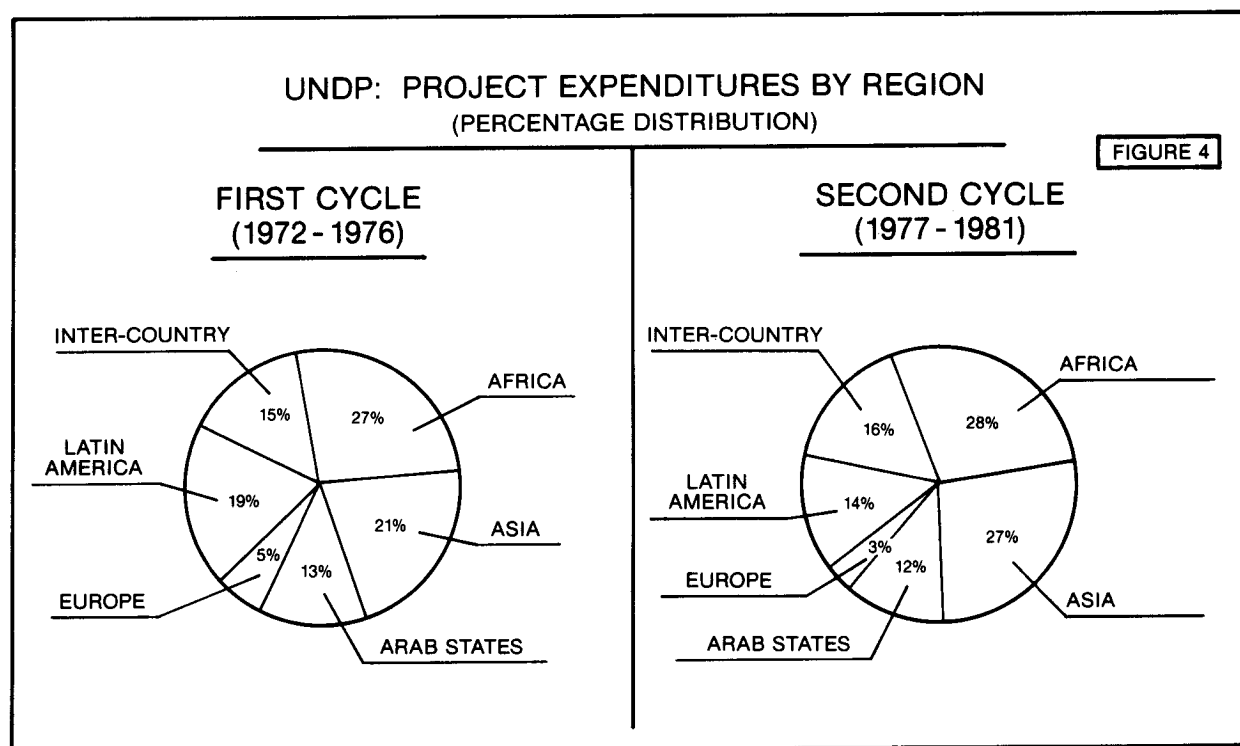
* ILLUSTRATIVE

8. Against this background of progressive IPF reallocations for the benefit of the neediest countries, Figure 4 shows the impact as reflected in total field programme expenditures by region for the first and second cycles. Countries in Africa and Asia and the Pacific gained a larger share of expenditures, while countries in Latin America, Europe and the Arab States region showed a decline.

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Field programme expenditures for the first and second cycles were as follows by region (\$1 million):

<u>Region</u>	<u>First Cycle</u>	<u>Second Cycle</u> ^{1/}
Africa	437.0	761.6
Asia and the Pacific	343.9	718.1
Arab States	218.7	315.5
Europe	87.5	89.1
Latin America	304.1	372.0
Intercountry	253.2	439.5

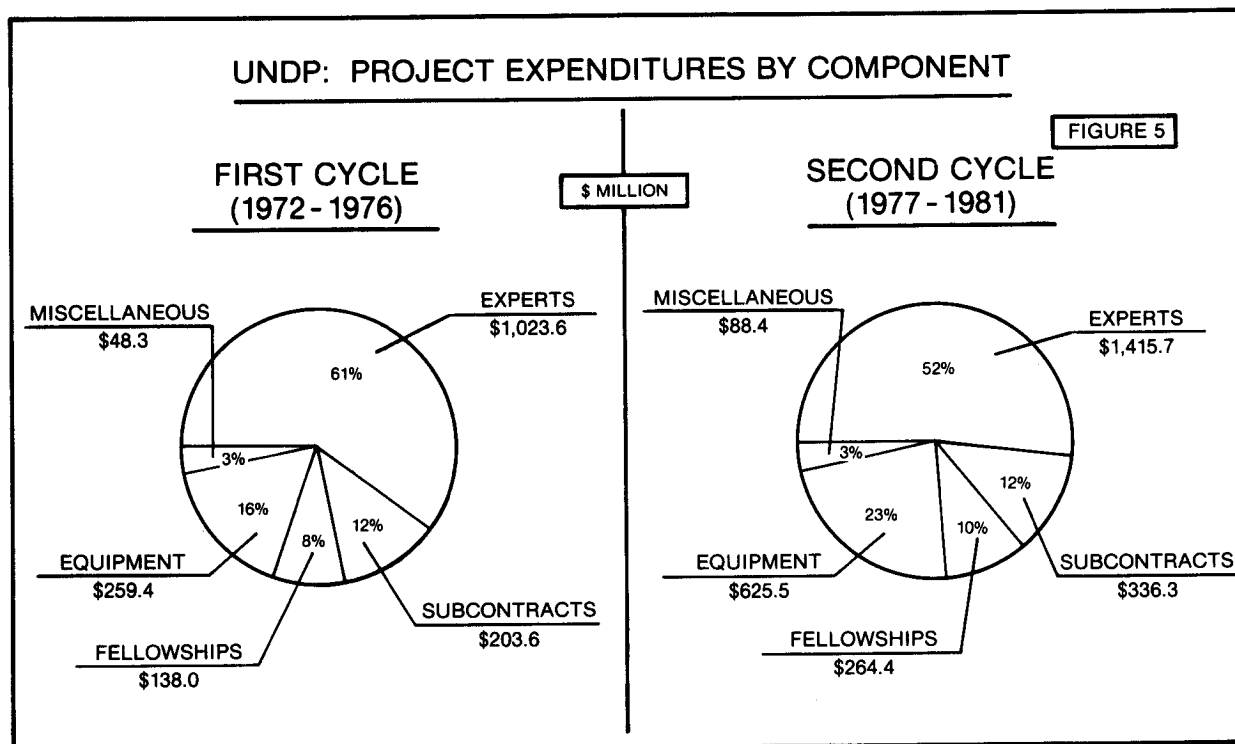


Expenditure by component

9. Other quantitative trends in the first two cycles are apparent from a comparison of expenditure by component or project input. Figure 5 shows a substantial increase in both equipment and training components for projects in the second cycle and a correspondingly substantial decline in the "expert" or international project personnel component, while the share of expenditures going for sub-contracts

^{1/} \$34.5 million in Government cash counterpart expenditures undistributed by region.

remained essentially unchanged. Although experts still constitute by far the largest component of project inputs, its share in total field expenditures fell from 61 per cent in the first cycle to 52 per cent in the second.

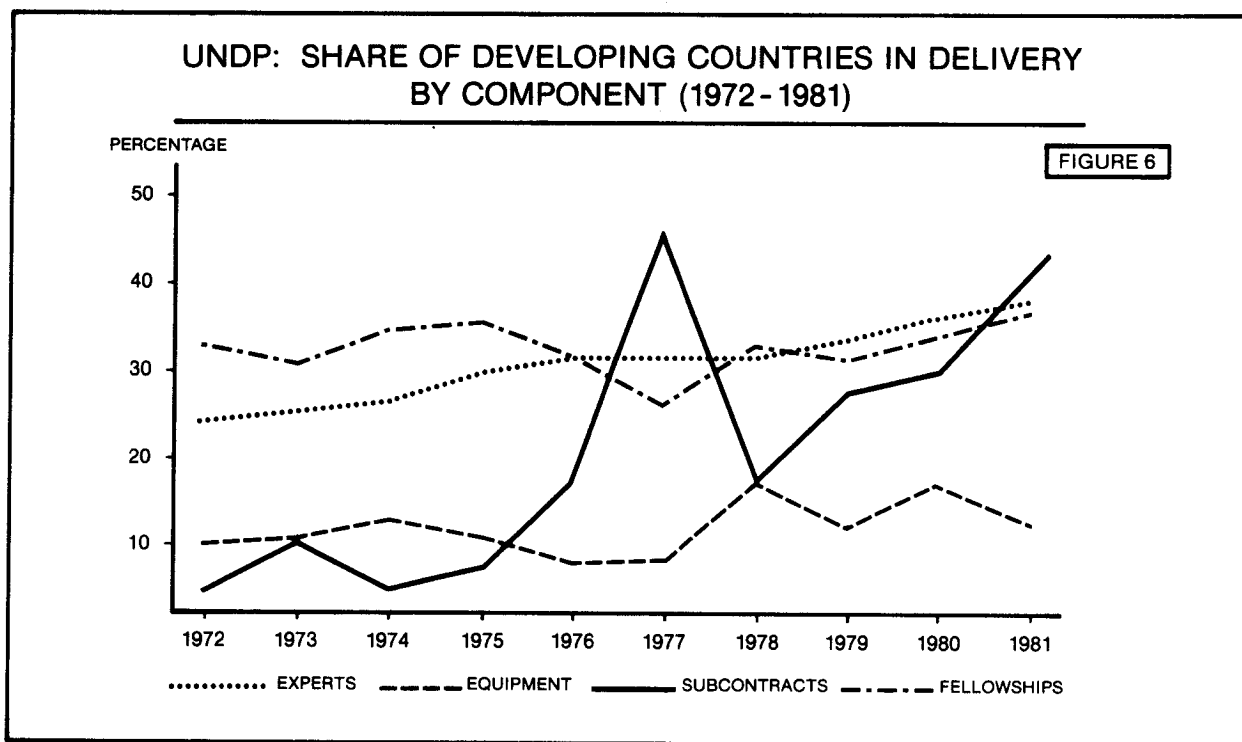


10. In line with "New Dimensions" policies, which stressed developing country needs in the use of the equipment component in strengthening the managerial, technical, administrative, research and experimental capacities of developing countries, particularly with respect to pilot projects or the bridging of critical infrastructure gaps in the provision of technical co-operation, expenditures on equipment rose steadily as a share of project components in the second cycle. An examination of the use of the equipment component 2/, carried out in accord with Governing Council decision 81/15, indicates that the principal thrust of the increase came mainly in the areas of industry, humanitarian aid and disaster relief, together with such sectors as science and technology, natural resources, human settlements and transport and communications. Projects implemented with the assistance of those executing agencies (IAEA, IMCO, ICAO, ITU) dealing with "highly technical" sectors also typically required a larger equipment component than those executed by other agencies.

2/ DP/1982/3, Use of Programme Resources for Equipment.

11. While the over-all growth in the equipment component has been carefully monitored by the Administrator to ensure conformity with UNDP's technical co-operation mandate, UNDP, in collaboration with its agency partners, has nonetheless proposed new guidelines to guarantee that equipment inputs are kept fully in line with the Programme's technical co-operation requirements. A 25 per cent increase in the training or fellowship component between the two cycles similarly reflects changing technical co-operation priorities among developing countries served by the Programme.

12. Another aspect of New Dimensions designed to promote greater self-reliance among developing countries concerns the share of project inputs provided from the developing countries as a group. While the share of such inputs provided from these countries shows somewhat erratic tendencies in Figure 6, especially as regards the subcontract component, readers will note that the over-all two-cycle

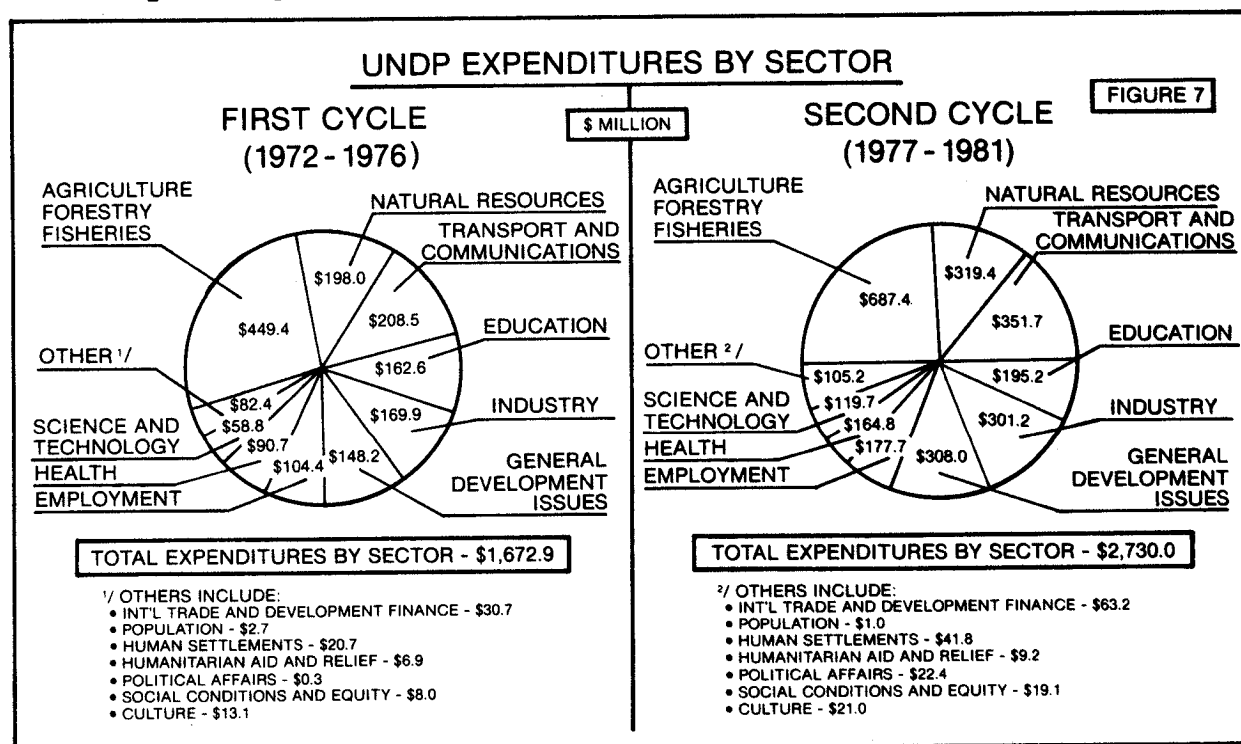


result was an increase in the percentage share of project inputs going to developing countries. Especially gratifying is the share of the expert component provided by developing countries, which rose steadily from 24 per cent in 1972 to 37 per cent in 1981. A similarly dramatic (though more erratic) rise in subcontract awards to developing country firms or organizations shows an increase from 5 per cent of total subcontracts awarded in 1972 to 40 per cent in 1981, although it must be stressed that large subcontracts issued by such internationally-supported organizations as the International Rice Research Institute (IRRI) in the

Philippines and the International Centre for Insect Physiology and Ecology (ICIPE) in Kenya have figured prominently in awards under this subcontract component, resulting in substantial year-to-year fluctuations in subcontracts awarded. Both the share of developing countries in equipment orders and in fellowship awards also grew on average over the two-cycle period.

Expenditure by sector

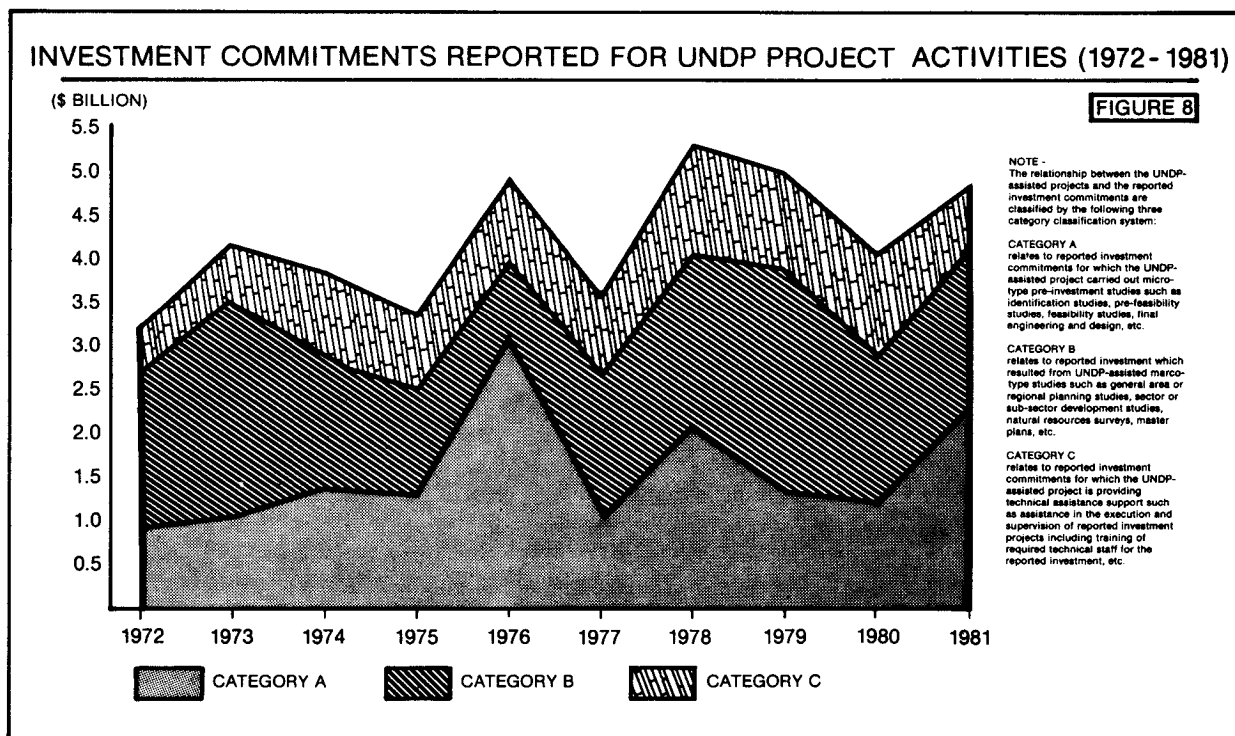
13. As Figure 7 indicates, the share of total UNDP field expenditures going to such sectors as industry, transport and communications, human settlements and, especially, general development issues, policy and planning (i.e., infrastructure support for development efforts) increased on average in the second cycle as compared to the first, while the share of expenditures going to such sectors as agriculture, population, health and education declined somewhat. In such sectors as natural resources, international trade and development finance, employment and science and technology, the proportion of total field expenditure remained relatively unchanged between the cycles.



14. The increase in expenditure for the industrial and human settlements sector is in line with needs as determined by the developing countries themselves, while the substantial rise in the share of expenditures for general development issues, policy and planning reflects not only the growing complexity of both external and internal development flows but also the determination of developing countries and UNDP itself to improve infrastructures in this critical sector.

Investment follow-up

15. Figure 8 traces the growth in reported investment follow-up commitments made under the Programme from 1972 through 1981. The total of such commitments rose gradually between the first cycle (\$19,540.7 million) and the second (\$22,586.6 million) for a ten year total of \$42,127.3 million, of which more than half or \$22,348 million, derived from public and private sources within the developing countries themselves, \$10,096.9 million from the World Bank/IDA, \$6,763.9 million from public and private sources in developed countries and \$2,918.5 million from other multilateral sources.



16. In summary, therefore, quantitative indicators for the first and second cycles show (1) a rough doubling of total voluntary contributions and expenditures; (2) a substantial rise in cost-sharing contributions; (3) a loss in contributions received, particularly severe in 1981, due to exchange rate fluctuations; (4) a marked and progressive increase in planned expenditures for least developed countries and those with a per capita GNP under \$500 a year, as reflected in expenditures by region; (5) a significant decline in international project personnel as a leading component in project expenditures, counter-balanced by a growth in training and equipment components; (6) an across-the-board increase in the share of project inputs being provided by developing countries, particularly in terms of experts and subcontracts; (7) increases in the share of

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UNDP expenditure going to such sectors as industry, transport and communications, human settlements and, especially, general development issues, policy and planning; (8) a total amount of investment commitments reported of more than \$42 billion for the 10-year period.

Qualitative results: New technologies

17. Such quantitative indicators of Programme performance serve only as a partial structural outline for UNDP's qualitative record over the first two cycles. Unlike most forms of development assistance, technical co-operation is best described in narrative terms -- the results, the impact in terms of people trained, land reclaimed, exports successfully promoted, minerals discovered for commercial exploitation, children preserved from disease or malnutrition to lead productive lives for themselves and their countries, etc. In all of this, the quality of UNDP-supported delivery is decisive. The quality of UNDP co-operation is therefore the focus of the narrative account of Programme performance over the first two cycles that now follows.

18. The transfer of needed skills, knowledge and technology is the essence of technical co-operation. But what if needed skills or technologies are not available or fail to exist in the implementation of the development process? Such instances are by no means rare, and over the past decade UNDP has assisted in the development of significant new technologies of major relevance to the development process as a whole.

19. Not surprisingly, some of these have derived from UNDP's research-oriented global projects, including primary support for the development of new strains of high-lysine or protein-rich maize at the International Maize and Wheat Improvement Centre in Mexico, new and environmentally sound methods of biological pest control at the International Centre for Insect Physiology and Ecology in Kenya, and current efforts to develop dependable, low-cost hand pumps for rural water supply.

20. New breakthrough technologies are also the subject of other global research efforts funded by UNDP. At the International Rice Research Institute in the Philippines, the International Institute of Tropical Agriculture in Nigeria, and other agricultural research centres, another UNDP-supported global project is developing biological methods of nitrogen fixation as a substitute for high-cost, artificially-produced nitrogen fertilizers in the growing of flooded rice and other crops such as sorghum, millet, beans and soybeans. Nitrogen deficiency is frequently the most important nutrient factor limiting the production of such crops throughout the developing world. As a result, increased use of nitrogen fertilizer has been responsible for an estimated 50 per cent of the increase in world rice yields during the past 20 years. The possibility of higher prices and lower availability of such energy-based fertilizers also poses a serious threat to rice production in the next 20 years.

21. While biological nitrogen fixation has only recently been discovered as an important factor in maintaining soil fertility for flooded rice cultivation, particularly in Asia, more recent experiments reveal that rice varieties vary in

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their ability to promote such fixation. The discovery has opened exciting possibilities for genetically manipulating this important characteristic and thus cutting the need for nitrogen fertilizers with new strains. At the same time, azola, a water fern which has nitrogen-fixing blue-green algae in its leaves, is being introduced into the flooded rice growing regions of eight countries in South-East Asia on a trial basis. Some \$15 million has been earmarked by UNDP for continuing research on biological nitrogen fixation, including rice, during 1979-1986, in a major effort to assist resource-poor farmers against the ravages of rising agricultural production costs throughout the developing world.

22. The introduction of new technologies is by no means confined to UNDP's global research programme, however. Having built several large steelmills in the last three decades, India nonetheless confronted problems in continuing to satisfy the rapidly increasing demand of its industry. Furthermore, steel production has been based on imported technologies which require huge investments and special raw materials, like coking coal, which are expensive and scarce. Under a project financed by India and UNDP on a cost-sharing basis, a pilot plant for the production of sponge-iron through a direct reduction process, utilizing indigenous iron ore and only low-grade coal, was established by Indian technology in Andhra Pradesh (IND/71/621). The pilot plant has a capacity of 100 tons per day and was inaugurated by the Vice-President of India on 31 December 1980. The plant has proved the viability of this new steel production process, and the Government is now considering constructing similar plants in other parts of India. The sponge-iron produced from these plants will be fed into some 200 electric arc furnace based mini-steel plants, thus helping to decentralize India's steel industry.

23. Elsewhere in Asia, under a UNDP-supported regional project for "Technical Co-operation with Domestic Development Services" (RAS/78/032), the implementation of appropriate technologies in the rural development process has led to the development of a new type of energy efficient wood-burning stove made from clay. Designed by a UNV domestic development service volunteer, this stove uses far less wood for cooking than traditional models and has already drawn the interest of Governments in Indonesia, Thailand and Sri Lanka.

24. While efficient clay stoves may seem a modest contribution to new technologies, the savings in terms of firewood can have a marked ecological impact in terms of the world's dwindling tropical forests. The same is true of another UNDP-supported project introducing with bilateral collaboration: the cultivation of the desert plant jojoba in the Sudan. Oil from the jojoba nut is itself something of a new technology, as its use in a growing variety of industrial applications testifies -- lubricants, paper coatings, polishes, electrical insulation, carbon paper, textiles, leather, precision casting, cosmetics and pharmaceuticals. Its potential as a substitute for sperm-whale oil and as animal feed is also being tested. In Sudan, moreover, the newly-introduced cultivation of jojoba plantations shows promise as a ground cover for soil conservation against desert encroachment. Results have been sufficiently encouraging to be shared under a regional project with other Arab and African States facing similar geographical conditions.

25. Sudan confronted another problem of technological innovation in expanding bread supplies for its people. While the country grows a plentiful supply of sorghum and millet, the necessity of importing ever larger quantities of wheat for bread has increasingly cut into scarce foreign exchange. Could an industrial process be developed to mill sorghum and millet into flour which, when blended with wheat, could be used in breadmaking?

26. The answer was found in the UNDP-supported project, Research and Development of Wheat and Sorghum Productions for Industrial Applications, completed in 1979. Based on research into the characteristics of local sorghum and millet varieties, a new industrial technology for their milling was successfully introduced.

27. The Materials Research Unit of the Marmara Scientific and Industrial Research Institute in Turkey has introduced a number of new industrial technologies with UNDP support, already being used in various aspects of Turkish industry. These include newly-developed steel machine parts produced by investment casting; aluminum-base bearing alloys bonded to steel backs; internally oxidized silver-cadmium oxide materials for electrical contacts; and a casting technology for high conductivity copper electrode holders used in arc furnaces.

28. A partial account of the development of other new technologies under projects financed by UNDP includes an effective vaccination technique to combat tick-borne diseases (east coast fever) in East African cattle; a system of mass producing charcoal from previously wasted forestry resources as a substitute for other fuels in Ghana; innovative methods of erecting windbreaks to prevent desert encroachment and of creating new potentials for firewood production and market gardening land in Senegal, including maritime and coastal dune stabilization through reafforestation, often in soil exhausted by cultivation; and the introduction of new rice strains and irrigation techniques into the island of Zanzibar, including dams made of locally available coral stones encased in chickenwire -- all designed to reduce rice imports and increase rice production and incomes for 14,000 indigenous farmers.

Qualitative results: Overcoming development problems

29. Many of the new technologies mentioned above are already being transferred to meet the needs of other developing countries facing similar problems. Indeed, because of the great breadth and variety of UNDP's experience, assistance in the overcoming of particular development problems has become a special hallmark of the Programme. The need for adequate planning mechanisms, for skilled administrators, managers and technicians, for strengthened capabilities in maintenance, for the mobilization and co-ordination of multi-source financing schemes for large-scale development undertakings -- all are critical to the building of self-reliance and all pose obstacles on the path to economic and social progress if unmet.

30. Such needs are reflected in the country programme for Nigeria, for example, where UNDP is supporting no fewer than 12 projects covering regional and urban planning, physical planning, the development of master plans for human and industrial settlements and the improvement of statistical, administrative and financial services. They are reflected in Burundi under a project to strengthen

administrative cadres for both public and parastatal enterprises and in Zaire under the establishment, with UNDP support, of a national documentation centre for agriculture as a necessary first step toward effective agricultural planning.

31. When national economic planning began in Botswana in 1966 with UNDP support only two professional economists were employed throughout the Government. As more staff were recruited, both locally and internationally, trained planners familiar with national needs and procedures were reassigned from the Department of Economic Affairs to the small planning units in technical ministries, while the Director of Economic Affairs kept responsibility for the assignment and career development of all economists. The result: steady improvement in both the definition of sectoral strategies and in project preparation. With steadfast commitment by senior ministers to the planning process and the full integration of planning with the budgeting system, Botswana has developed a pragmatic, action-oriented system of planning, with UNDP assistance, that observers credit as underlying Botswana's 14 per cent annual economic growth rate throughout the 1970s and early 1980s.

32. Another pioneer project in Botswana is providing additional middle-level manpower for 13 posts in different Government ministries unfilled but critical to operational needs. The ministry personnel are provided by UNV in a first-time effort by that programme to attend to such needs, and its success is so far attested to by the considerable number of local contracts already offered on completion of the UNV assignments, although, of course, it is intended that local counterparts will assume responsibility.

33. Improved telecommunications networks are another essential underpinning for the full integration of developing countries in the world economy. Under a joint regional project involving both Arab and European States, one such project has succeeded in expanding up-to-date telephone and telex linkages not only for the countries of the Arab States region but also among seven Mediterranean and three North African countries. Under phase one begun in 1972 a master plan was developed encompassing telephone and telex linkages through cable, microwave and satellite systems. Under the second phase, launched in 1979, some 90 per cent of the telecommunication linkages envisaged in the master plan have now been completed, including the co-ordination of marine cables linking the Middle Eastern Arab States with East Asia and countries of the Maghreb.

34. The rural-urban dichotomy constitutes a particular obstacle to balanced development among lower-income developing countries especially. Two other UNDP-supported projects in the Arab States region have contributed significantly to the closing of this gap -- one in Egypt and another in Democratic Yemen. Some 98 per cent of Egypt's rapidly increasing population of 44 million is crowded along a narrow strip of the Nile Valley and Delta constituting less than 8 per cent of the land. To reduce disparities between the country's two major cities, Cairo and Alexandria, and its provinces, Egypt established eight regional planning programmes within the over-all national planning framework, with the southern upper region selected as the experimental model. With UNDP assistance, a Regional Planning Authority for southern upper Egypt has been established to ensure planned

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development of the area's untapped mineral wealth, fisheries and tourism potentials and other opportunities related to the Asswan High Dam -- new growth centres to attract people, provide jobs and create balanced regional growth for the nation's rapidly increasing population.

35. In Democratic Yemen the problem centred on nomadic Bedouins and the regional planning efforts of the Government to provide a basic infrastructure of services and facilities designed to raise living standards and encourage settled employment. The aim of the mutisectoral UNDP-supported project here focused on water resources development, animal husbandry, the provision of social services through community development centres and the development of income-generating opportunities and pilot enterprises.

36. A number of UNDP-supported projects are also directed at overcoming obstacles to the efficient use of external economic flows. As China, for example, has moved toward its modernization goals, the scope and extent of its economic, technical and cultural interchange with other countries has been increasing as well. Two UNDP-supported projects in China are thus designed to strengthen foreign language training for Government personnel. These include language training for special purposes, the training of teachers in the use of modern audio-visual aids and assistance in the establishment and operation of a new audio-visual centre.

37. Two regional projects in Latin America are similarly attacking two other common obstacles in the development process: the persistence of pockets of critical poverty and the need for balanced and mutually beneficial development of capital goods industries. Recent estimates indicate that about 30 per cent of the population of Latin America and the Caribbean, or some 75 million people, continue to live in conditions of critical poverty, while the region's economic growth record over the last decade or more also suggests that the worst of these conditions could be alleviated, possibly within a decade. The approach of the UNDP-supported regional project in this respect, begun in 1978, is to extend and systematize existing knowledge of such conditions and on that basis to prepare and design national development strategies to help alleviate critical poverty, together with the formulation of methodologies to assess results. The most rewarding aspect of the project to date has been its success in providing some of the first empirical studies on poverty in the region, in stimulating national concern over the issue and in the exchange of experience among participating countries in the formulation and carrying out of anti-poverty programmes.

38. The main purpose of the regional project surveying the existing supply and production of capital goods is similarly to provide a data base for the present situation and prospects of capital goods industries, to identify obstacles inhibiting the participation of national and regional industries in public investment projects, to examine alternative solutions and bring together Government representatives and entrepreneurs with a view to exploring joint production possibilities. So far the project has produced preliminary reports on both existing and projected demand for capital goods in each of 19 countries, has compiled data on the sectoral structure of demand in Latin America as a whole and has issued an analysis of aggregate import figures for capital goods.

39. At a time of soaring energy costs UNDP has for a number of years assisted the Ethiopian Government as well as Kenya in the exploration of geothermal resources. Test drilling studies and related operations should be completed in Ethiopia in the course of 1982, and, if successful, installation of an electrical power conversion plant of 30 megawatt capacity will follow with considerable savings on fuel imports. In African countries with severe water shortages such as Cape Verde Islands, groundwater exploration and design of more stable water supply systems are additional similar activities. In this and many other ways UNDP has been assisting developing countries in the more effective use of development resources and in overcoming particular problems impeding the development process generally.

Improving project quality

40. While a major characteristic of UNDP over the past decade has been its transformation from project to programme orientation in its development management skills, steady improvement in project quality has remained a priority concern. With the introduction of certain "New Dimensions" concepts, improved monitoring and evaluation measures, the decade has seen substantial progress in this respect.

41. Several rural development projects begun in Lesotho in 1970 and 1973, based on initial misjudgements, rushed into full-scale operational activities too quickly, with insufficient preparation and assemblage of socio-economic data. Expectations of easy acceptance by farmers of improved agricultural methods proved false. The areas covered by the projects were overly ambitious given the modest human and financial resources available. With these projects, however, it became apparent that certain limited, well-focused activities, such as growing and marketing potatoes and asparagus, as well as the development of village feedlots and group ranching, could yield significant results both economically and in terms of farmer participation.

42. Similar projects launched elsewhere in Africa in 1978-1980 have incorporated lessons from these earlier experiences. Two -- one in Congo and one in Togo -- have proceeded at a slower initial pace, emphasizing the critical need for local acceptance and active participation. Both projects have also benefitted from regular local evaluation, including the work of high-level evaluation and monitoring committees in both countries. In Rwanda a horticultural scheme both for export and local consumption, completed in 1976, has continued to expand and grow, with small farmers being the key providers and beneficiaries, utilizing marginal swamp land once unproductive. In Comoros, careful preparation of the national commitment to rural development has recently begun with the establishment of a national institute to train senior extension staff in respective ministries, plus several district rural development training centres.

43. Of particular note in Africa, generally, are the marked advances that have taken place in the evolution of regional projects for the mobilization and co-ordination of multi-source financing schemes aimed at integrated lake and river basin development. On the basis of experience gained in planning the Senegal River Basin development, UNDP has created a new approach to such schemes, involving

a master plan integrating essential technical elements, systematic data collection as a basis for an action programme, evaluation of human resource potentials and other such "diagnostic" preparations. It has been found essential to associate potential sources of investment with the various pre-investment studies involved from the outset. Using what UNDP calls the "multi-donor" approach, several sources of financing are also brought into early association with the recipient countries themselves, with UNDP serving as catalyst in both efforts. An action programme which integrates the national contributions of African Member States concerned as well as contributions from donors is then devised. The action programme includes feasibility studies articulated to take into account the objectives and priorities set up by recipient African States. The action programme also includes a special component of institutional support in order to strengthen the technical capacity of regional organizations vested with interstate authority to implement the development programme. This institutional support includes the services of expatriate specialists with appropriate training programmes to prepare national counterparts to take over the technical responsibilities in due course. The development of the Niger and Gambia River Basins and the Lake Chad Basin follows this new and highly effective approach.

44. The new approach to regional programming endorsed by the Governing Council in 1980 has had a similarly positive effect on project quality elsewhere. After an intensive process of consultations with the Governments of the Asia and the Pacific region, an intercountry or regional programme was approved by the Governing Council in June 1981. The consultative process revealed that the traditional formula of sectoral advisers spread thinly over the entire region had outlived its usefulness. In its place are projects that are expected to have a more measurable impact in each of the participating countries. Many of these new projects will involve co-operative arrangements among existing national institutions, while those institutions which have been heavily dependent on UNDP in the past will become much more self-sufficient. Moreover, the identification of an area for assistance will not automatically mean the approval of a project. Each request will be appraised not only against the traditional yardstick of intrinsic soundness but also for consistency with the over-all criteria established for the programme, including global priorities laid down in intergovernmental meetings.

45. In Latin America, Peru represents an interesting case study in improved project design over the decade with reference to civil aviation assistance. Prior to 1972 UNDP's efforts were directed toward urgent priorities and specific needs created by a rapid increase in air transportation services in Peru. During the first cycle attention shifted to the provision of air navigation and installation services, and showed a marked effort to design projects in a more integrated fashion. Even so, however, the focus remained specifically on the strengthening of aeronautical telecommunications and air navigation facilities. Urgent priorities in overcoming serious bottlenecks continued to over-rule any comprehensive review or approach to the sector's needs. UNDP assistance in the second cycle turned more toward a "system approach". While bottlenecks persisted, more sophisticated project design down-played the old "crisis approach" and looked to a broader, sector-wide analysis of problems. Third cycle projects are

expected to extend this system approach still further, although major bottlenecks persist. In retrospect, a more sophisticated system approach in project design from the start might have obviated several of the bottlenecks which remain to be overcome.

Improving programme quality

46. The process of country and intercountry programming has also taken great strides over the past decade. Consider, for example, the country programmes for Bolivia and Nicaragua, submitted early in the first cycle. As was initially the case with many country programmes, the documents themselves give the impression that the programming exercise was elaborated on the basis of a list of projects rather than a comprehensive assessment of the countries' technical co-operation needs. Emphasis was placed on a description of the general development objectives and priorities of the Governments, together with over-all reviews of the situation in a number of sectors. Little effort was made to identify specific linkages between national objectives, sectoral diagnosis and specific projects, however. The programmes lacked interrelation with intercountry activities supported by UNDP. No in-depth sectoral or multi-sectoral analysis went into the process and no concentrated programme approach came out. Little effort was made for co-ordination with other sources of assistance or for additionality. The programmes had a minimal pre-investment orientation.

47. Now consider, in the same Latin American region, the qualitative improvements gradually achieved for more recent programmes: the effort made to assess technical co-operation needs more rigorously, the integrated approach to sectoral assistance based on wide-ranging agency participation, the application of such New Dimensions features as the use of national project personnel and TCDC arrangements, the provisions for additionality and co-ordination with other sources of assistance and the close relationship with related intercountry activities.

48. The new country programme of Panama, for example, identifies needs on the basis of a review of technical co-operation requirements participated in by all agencies. The programme itself is both the basis for and an integral part of the National Technical Assistance Programme, with its provisions for allocations by other donors. Panama itself contributed 50 per cent of the available IPF (\$6 million) in programme (as opposed to project) cost sharing. Another \$3.2 million is expected in project cost-sharing by the Government, so that total cost sharing will in fact match IPF resources. The third country programme of Honduras stresses local staff both as project directors and as technical personnel for project implementation. It also relies, with Government support, on participation by local co-operatives and organized groups, and applies specific TCDC activities to the integration of women in the development process. Honduras is also matching its total third cycle IPF of \$12.6 million with cost-sharing arrangements participated in by IDB, the World Bank, the Netherlands and the United States. Along similar lines, the new Caribbean Multi-Island Programme for the third cycle particularly emphasizes the use of regional expertise, TCDC and Government execution in project implementation.

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49. Much has also been accomplished by way of improved programming in Africa, particularly with respect to new modalities of regional programming but also in such critically important areas for many least developed African countries as rural development. Mention has already been made of the greatly increased stress on active participation and rural development efforts as a key ingredient of project success. In general, the programming approach to rural development in Africa has drawn heavily on UNDP experience, reinforced by feedback from various evaluation studies, including No.2 on Rural Development.

50. This programming experience has shown that rural development efforts often depend less on finding and applying the right technical solutions or providing the correct capital inputs than on required social, institutional and political changes. In a sense, the initial question to be asked of every technical co-operation intervention is, how can deprived groups take part in the planning, implementation and evaluation of -- and hence share fully in the benefits of -- the proposed inputs? How are these inputs likely to improve their relative position? And how will it increase their capacity for self-reliance and self-sustained progress? Starting with such questions has led to a new programming approach to rural development in many respects. Instead of planning from the top down, for example, the central concern is with effective planning from below, so as to see how far local resources and skills can bring about development without major transfers of scarce external capital or skills.

51. Because development organizations like UNDP work mainly with and through Government programmes and departments, they tend naturally to be more attuned to the Government's structural context than to the structure of agrarian societies. Thus leadership by the Resident Representative in calling attention to the lessons of experience and in assisting Governments in the formulation of programmes has become an increasingly critical element in rural development efforts, often reinforcing the Government's own approach to rural needs. Land tenure reforms and the re-distribution of land could form an important step toward both increased food production and a more equitable sharing of the benefits of new technologies, but most past efforts have made relatively scant headway against the barriers of traditional village life. Community development and public works programmes have too often been frustrated by the unrealistic assumption that labour and resource inputs could be given voluntarily and equitably regardless of village perceptions or the likelihood that benefits might not be equally shared.

52. Such lessons are increasingly being applied to the rural sectors of country programmes both in Africa and elsewhere. Problems in rural development nonetheless remain formidable in the programming process, both because of an understandable reluctance among international project personnel to involve themselves in analysis of a more socio-political character and because of gulfs in language, culture and living styles at the rural level. With increased reliance on national project personnel and on local research institutes, it has nonetheless been possible to overcome many of these problems. A new start, building on past experience, is thus being made.

53. One problem in programme quality which seemed less apparent in the first programming cycle has grown especially difficult as UNDP enters its third cycle. This is the relatively small IPF allocations for country programming going to countries at the upper end of the per capita GNP scale. While it can be said that careful planning of resource inputs to maximize results and outputs becomes even more important in the face of resource constraints, it is also true that "marginal" resources can attract "marginal" attention in terms of carefully considered programmes. In fact, however, recipient Governments themselves are taking steps to resolve this problem in part and thus help to preserve the quality of the programmes involved. Substantial increases in project and programme cost sharing by higher income countries in Latin America have already been mentioned. A number of higher income Arab States have also joined in this effort, some of them providing many times the value of their IPFs in cost-sharing contributions.

54. UNDP-supported regional programming has not only grown rapidly in its share of IPF resources over the three cycles but has also shown remarkable qualitative advances, as well. The intercountry programme of the Asia and Pacific region for 1982-1986 is the first of its kind to be entirely conceived, formulated, submitted and approved with full intergovernmental participation. After a year-long effort involving meetings at country, sub-regional, and sectoral levels, the process culminated with a regional intergovernmental meeting convened in New Delhi in February 1981. The meeting endorsed the draft intercountry programme for the third cycle and emphasized the continuing role of the consultative process in the implementation of the programme. With 55 high-level officials of 26 Governments participating in the meeting, there was also the opportunity to obtain views on key aspects of UNDP's mandate, such as country programming, programme management and project implementation. Papers on these subjects presented by four Government Development Assistance Co-ordinators set the basis for an interchange of views and this provided the officers of UNDP and of the 27 United Nations organizations who also participated an exceptional opportunity to hear Government views on how improvements can be made in the programming and delivery of UNDP-assisted technical co-operation.

55. The increased level of resources for regional programming is manifest in the Asia and Pacific programme. Expenditures rose from \$43 million in delivered assistance for the first cycle to slightly over \$103 million in the second cycle. Over-all resources for the third cycle regional programme are estimated at \$226 million. Annual disbursements under the programme have now grown to about \$40 million, a sum almost equal to the total amount for the first five-year cycle.

56. In preparing this programme, UNDP tried to identify the appropriate mix between ongoing and new activities, cognizant that projects should initiate co-operation and transfer skills without necessarily perpetuating themselves over long periods of time. In many cases, allocations are proposed for a period of only three years (1982-1984), both because the activity may be of a short-term nature or because a decision on the merits of extension and further funding might be appropriate at the mid-term review in 1983.

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57. Reflecting accurately the priorities expressed at the meeting in New Delhi and enunciated categorically through the programming exercise, the programme stresses seven major areas of sectoral activity, ranked as follows in order of the resources allotted to each: energy, natural resources and environment; transport and communications; human resources development; agriculture, fisheries and forestry; planning and administration; technology and industry; and trade and economic co-operation. Compared to the second cycle, these priorities reflect some significant changes of emphasis in the sectoral mix, mainly towards energy, and communication/transport (such as civil aviation). At the same time, the system of regional advisors which had characterized second cycle regional programming was found wanting at the New Delhi meeting and was subsequently terminated at the end of the cycle for all but a few sectors. Concurrently, preliminary work has commenced on many of the newer networking arrangements, particularly in agriculture, fisheries, forestry and watershed management. These networking arrangements, started in the second cycle, are already reaching varying degrees of self-sustaining support.

58. While a trend away from institutional support projects is also evident in third cycle programming, the new programme will nonetheless continue to support institutions which contribute effectively to programme self-reliance. One example is the Asian and Pacific Development Centre (APDC) which will continue to conduct research on its own and encourage research co-operation among institutions in the region by facilitating exchanges through meetings of senior researchers, officials and others at the policy-making level; arranging working level training exercises through national, sub-regional and regional institutions in a network approach; and serving as a clearing house for information on development.

59. Since many of the country programmes in the Asia and Pacific region are themselves undergoing changes as they move from one cycle to another, the opportunities for linkage to regional programmes and projects for training, for short-term, problem-solving advisory services, and otherwise are proving valuable. In addition, the trend toward preferential access for least developed countries in all region-wide projects, begun in the second cycle, is being extended in the third. Sub-regional co-operation, whether among the ASEAN Group, the Pacific island developing countries or the least developed countries of the region, accounts for over one quarter of the new regional programme and is also being stressed.

60. The quality of UNDP's global programme for the 1977-1981 period was attested to in the comprehensive evaluation report submitted to the Governing Council in 1980 (DP/456), which concluded that "the global programme has proved to be exceedingly effective, has shown much imagination and initiative and has provided UNDP with a flexible and innovative mechanism, important for the future development not only of the programme itself, but of UNDP activities as a whole." While the Programme has accomplished much as both a catalyst and promoter of additional funding for scientific research and as a builder and strengthener of such institutions as those supported through the Consultative Group for International Agricultural Research, the research and training network for the tropical

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diseases programme and the International Centre for Insect Physiology and Ecology, its outstanding contribution has been manifest in the high quality of the scientific research being supported.

61. Like any breakthrough in scientific research itself, this high quality has evolved gradually over time through sustained effort. Global projects therefore focus on the creation of strong scientific teams with many disciplines represented, much critical discussion of the issues involved, intimate contact with many advanced scientific centres throughout the world and, as a result, access to new knowledge as it arises. Linkage to both national and regional efforts has also been found essential, not only for the application of research efforts but also for the strengthening of regional and national institutions. The global research programme has thus evolved to a point at which developing countries are gaining direct access to highly relevant and highly sophisticated scientific knowledge that might otherwise prove beyond their individual reach.

62. As a further step in improving the global programme's effectiveness, the Governing Council in decision 80/22 endorsed the establishment of a panel of leading scientists to advise the Administrator on the programme. At the panel's first meeting in January 1981 the issue of socio-cultural and behavioural factors in the application of global research was stressed and close links were recommended with such institutions as the United Nations University and the Interim Fund for Science and Technology for Development in advancing consideration of these factors.

Toward the third cycle

63. While major advances are therefore evident in the improvement of programme and project quality over the last 10 years, further efforts will nonetheless be required in the third cycle. Field Office reports variously stress the need for even greater Programme emphasis on results, in project and programme design, and for increased efforts to involve rural dwellers and the urban poor in both the formulation and execution of activities. In this connexion, also, the need for what might be called further localization by UNDP at the country level is a factor — i.e., the ability of the Programme, in co-operation with the Government, to work directly with local authorities and to encourage local participation. Evident also is the need to strengthen the follow-up stage, to evolve new managerial steps on completed projects (or greater compliance with existing provisions) in Country Programme Management Plans, so that outputs can be more carefully assessed. A related effort regarding follow-up concerns the self-reliance of institutions established or strengthened with UNDP support and ways of ensuring adequate counterpart staff for the preservation of these efforts after UNDP assistance ends. Other problems as seen from the field include the need for more uniform and simpler procedures and regulations, for better qualified international project personnel and for still greater reliance on national capabilities, including TCDC arrangements. Still other needed efforts to enhance quality may nonetheless be complicated by restrictions arising out of reduced UNDP funding levels, so that perhaps the greatest need of all in improving programme and project quality is the quantitative need for adequate resources to meet programme and project funding requirements.

64. Third cycle trends as reported by UNDP's regional bureaux and its Division for Global and Interregional Projects nonetheless underscore continued emphasis on qualitative improvements, particularly in the face of resource constraints. UNDP has found large-scale interregional projects to be more demonstrably successful in achieving objectives than smaller undertakings and better able to mobilize added resources or investment follow-up from other donors as well. The advantages obtained from economies of scale and from exploratory activities which may later be adopted at regional or country levels have also proved qualitatively effective at the interregional level. Accordingly, interregional projects in the third cycle are designed to build on these characteristics, while reflecting UNDP's over-all priority concerns as shown in other projects and programmes.

65. In Africa in particular, UNDP is stressing increased support for another successful innovation of the 1970s -- donor roundtable conferences to mobilize added resources for least developed countries. Some 24 of these had been tentatively scheduled by February 1982 for least developed countries in various regions served by the Programme, in response to the plan of action adopted at the United Nations Conference on Least Developed Countries in 1981. The African region will also see efforts to improve counterpart performance by the augmentation of pay scales for these often underpaid civil servants and technicians, particularly in least developed countries. With respect to improved training endeavours, several West African countries have agreed to support regional project activities through use of their country IPF funds. At the same time, a strong trend toward use of national project personnel should assist in augmenting the results and minimizing the costs of projects.

66. Among Caribbean countries, priorities for increased effectiveness are directed toward enhanced sub-regional programming for small countries, the combining of national and sub-regional resources for greater economies of scale in project implementation and greater use of regional personnel, TCDC, UNVs and the expertise of expatriates called back for home assignments to achieve better, more cost-effective results. Joint financing schemes with other bi and multi-lateral donors and added resources for science and technology in particular also characterize other planned, third cycle activities, while a notable intra-sectoral shift is also becoming apparent from assistance to general development planning strategies toward narrower short-term economic policy issues, sectoral, regional and local planning, and statistical services, in many countries assisted by the Programme. Finally, greater emphasis on execution of projects by Governments and the greater flexibility provided by the process of continuous programming by objective should also serve to endow UNDP-supported operational activities with greater impact and effectiveness in development terms.

B. The Main Programme Record in 1981

67. While main Programme field expenditures rose by 8 per cent from the previous year to a record level of \$731.6 million in 1981, voluntary contributions pledged by Governments decreased for the first time in UNDP's history. Total pledges in 1981 amounted to \$673.3 million, a 6 per cent reduction from the 1980 level of \$716.6 million. Total income for the year was \$804.3 million, a 2 per cent decrease from the \$821.4 million received in 1980. Of this amount, \$688.7

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million was received as voluntary contributions to the Programme. Thus, 1981 was in key respects a disappointing year for UNDP, with pledges falling some \$141.4 million short of original expectations. Income for the year was \$136.3 million less than anticipated.

68. Cost-sharing contributions by developing countries and third-party donors again also rose to a record level of \$62.7 million, however, amounting to a 7.7 per cent increase over cost-sharing contributions for 1980. Four Governments and three international organizations provided \$12.9 million in the form of third-party cost sharing on UNDP-financed projects in seven developing countries and under five intercountry programmes. Developing countries themselves contributed the balance of \$49.8 million, \$8.5 million of which was provided to supplement UNDP-supported programmes in the countries concerned and \$41.3 million of which went to support specific technical co-operation projects.

69. Other supplementary contributions to main Programme finances amounted to \$25 million, including \$12.9 million voluntarily contributed to the Special Measures Fund for Least Developed Countries. Miscellaneous income, mainly interest earnings, totalled \$28 million.

70. On a provisional basis, total field programme expenditures amounted to \$731.6 million, some \$54 million more than in 1980. If sectoral support costs of \$5.6 million are added in, total UNDP project-related expenditures of \$737.2 million were accorded in the year. Agency support costs increased from \$87.9 million in 1980 to \$94.3 million in 1981, or 12.9 per cent of field programme expenditures, excluding sectoral support provided to agencies. Administrative and programme support costs incurred by UNDP in administering these expenditures (as well as those from the Capital Development Fund) in 1981 came to \$104.6 million comprising \$40 million at Headquarters and \$64.6 million for the field offices. Measured against the total use of the related resources in 1981, administrative and programme support costs accounted for 10.3 per cent, of which 3.9 per cent related to Headquarters and 6.4 per cent to the field offices.

71. A breakdown of the total field programme expenditure for technical co-operation of \$731.6 million in 1981 shows \$649.8 million expended under IPFs, \$15 million under the Special Measures Fund for Least Developed Countries, \$4.5 million under the Programme Reserve and \$1.6 million under Special Industrial Services. In addition, \$51 million was expended under cost-sharing arrangements and \$9.8 million under Government cash counterpart contributions. Combined with UNDP and agency overheads and other adjustments, total UNDP expenditures in 1981 exceeded total income by \$133.2 million.

72. In addition to these expenditures directly accounted for under UNDP field programme activities, UNDP Field Office workload data indicate that at the country level the Programme also administered or supported in varying degrees some \$1,008 million in additional project expenditures under other United Nations system or bilateral development programmes in 1981, wholly outside UNDP's

main Programme funding operations. The sum of such non-UNDP-funded activities supported by the Programme continues to advance substantially, by almost 18 per cent in 1981 compared to 1980 and almost three-fold since 1978, when such data were first systematically collected.

73. On a regional basis, UNDP main Programme field expenditures, exclusive of Government cash counterpart contributions, were for the year: \$221.2 million for country projects in Africa; \$190.1 million for country projects in Asia and the Pacific; \$86.2 million for projects supported by UNDP among Arab States; \$85.2 million in the Latin America/Caribbean region and \$17 million for countries in the area served by UNDP's Unit for Europe. Regional projects in all areas served by the Programme in 1981 accounted for \$97.7 million, or 13.4 per cent, of total field expenditures, while \$9.6 million was expended on inter-regional and \$15 million on global projects, for a total of \$122.2 million in intercountry expenditures.

74. Twenty-seven executing agencies of the United Nations system, together with developing country Governments, recruit the project personnel, purchase the specialized equipment, grant the fellowships for training and award the sub-contracts for service which comprise UNDP-financed project delivery from year to year. During 1981, expenditure for each of these components rose in all four categories of project input as the table below indicates:

Expenditures by component, 1980 and 1981
(in million US dollars)

Component	1980	1981 a/
Project personnel	339.5	372.7
Equipment	157.1	161.2
Sub-contracts	80.1	88.5
Training	67.3	72.3
Miscellaneous	25.8	27.1
Sub-total:	669.8	721.8
Government cash counterpart expenditure	7.8	9.8
TOTAL:	677.6	731.6

a/ Provisional

75. The number of international project personnel recruited by Governments and agencies for service on UNDP-supported projects rose from 9,548 in 1980 to 9,863 in 1981 -- a 3.3 per cent increase. Project personnel accounted for 51.6 per cent of total Programme delivery during the year. Equipment delivered to projects constituted 22.3 per cent, sub-contracts 12.3 per cent and training 10 per cent, while miscellaneous inputs totalled 3.8 per cent. Almost 11,500 developing country nationals received training abroad under UNDP-financed projects in 1981, compared to some 11,700 in 1980.

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76. The share of these programme inputs obtained from developing countries and their firms and suppliers has risen steadily over the past decade, as already noted, and continued to rise in 1981 compared to 1980 except for equipment purchased. As the table below shows, developing countries provided an increased share of international project personnel and fellowships and a greatly increased share of subcontracts awarded in 1981 compared to 1980. Only in the equipment category were supplies from developing countries down compared to total equipment purchased from all sources in the year which were also down slightly.

Share of programme components awarded^{a/} to developing countries
1980-1981 compared

Component		1980	1981	Per cent increase or decrease
No. of experts	Developing countries	3,295	3,608	+ 9.5
	Total all countries	9,548	9,863	+ 3.3
Value of equipment ordered (\$ million)	Developing countries	22.4	18.7	-16.5
	Total all countries	144.0	141.2	- 1.9
Value of sub-contracts awarded (\$ million)	Developing countries	22.0	33.1	+50.5
	Total all countries	75.2	81.7	+ 8.6
No. of fellowship awards	Developing countries	3,860	4,156	+ 7.7
	Total all countries	11,705	11,443	- 2.2

^{a/} Figures for equipment ordered and subcontracts awarded during the year differ from expenditures under those components as listed in the preceding table.

Projects approved and projects completed

77. The number of projects approved under Programme financing declined in 1981 compared to the previous year, from 1,321 in 1980 costing \$466.1 million to 1,114 in 1981 costing \$406.3 million. The downward trend in approvals reflects a tendency to reduce new commitments as Governments approach the new programming cycle. On a regional basis, 374 projects were approved in Africa at a cost of \$125.8 million; 357 projects in Asia and the Pacific at a cost of \$152.3 million; 135 in the Arab States at \$44.8 million; 42 in Europe at \$2.7 million; and 160 in Latin America at \$44.1 million. In addition, 46 new interregional and global projects costing \$36.6 million were approved in 1981.

78. Field work was completed on a total of 194 UNDP-supported projects costing \$150,000 or more in 1981, including 78 in Africa, 52 in Asia and the Pacific, 17 in the Arab States, 12 in Europe, 32 in Latin America and three global projects.

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Investment follow-up

79. Total reported investment commitments in 1981 related to UNDP project activities advanced 18 per cent to \$4,799.6 million, compared with \$4,056.3 million in 1980. By far the largest source of such commitments came in the industrial sector, which accounted for almost half the follow-up reported. Other important sectors, ranked in order of commitments reported, were: agriculture, forestry and fisheries; natural resources; transport and communications; and health.

80. Continuing efforts in 1981 to stimulate UNDP-assisted pre-investment activities should help to yield further steady growth in investment commitments in the years ahead, despite financial constraints affecting all aspects of programming. During the year, UNDP entered into new co-operative arrangements to stimulate pre-investment activities with UNCTAD, UNIDO, ILO and UNESCO, patterned after similar arrangements concluded with FAO in 1979 and WHO in 1980. At the same time the Programme further strengthened its special interest arrangements with development finance institutions through an increased flow of project and country programme documentation related to possible investment follow-up opportunities. Special training courses in investment development were offered by UNDP, in co-operation with the Economic Development Institute of the World Bank, to UNDP Resident Representatives and Deputy Resident Representatives, 15 of whom participated in the initial session of the course held in April/May 1981. A second course, held in November, included three agency representatives among the 26 participants.

Focus on two global issues

81. During 1981 also, UNDP undertook careful preparation for its active participation in two United Nations conferences on key development issues in the 1980s. The action programmes adopted at both the United Nations Conference on New and Renewable Sources of Energy and the United Nations Conference on Least Developed Countries, each subsequently endorsed by the General Assembly, cited UNDP and various pertinent funds or activities administered by UNDP as principal financing and programming agents in the implementation of the action plans themselves.

82. During 1981, UNDP was helping to underwrite some 386 energy projects at a cost of over \$127 million -- together with nearly \$180 million worth of related forestry activities. In the 14 new country programmes submitted to UNDP's Governing Council for approval in 1981, estimated expenditures on energy projects almost doubled from \$17.5 million in the previous cycle to \$35.2 million. In addition, the Energy Account authorized by the Governing Council at its June 1980 session (see Part C below) had approved 13 projects for financing, with some 30 more under review.

83. In view of UNDP's extensive and growing experience in assisting developing countries with their energy problems, the Programme participated actively in all stages of the Energy Conference, from preparation to conclusion, issuing in May

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its Evaluation Study No.5: New and Renewable Sources of Energy. At the request of the General Assembly, UNDP and the World Bank undertook a joint study designed to ascertain the financing required for technical co-operation and pre-investment activities in developing countries in the area of new and renewable sources of energy in the 1980s. UNDP also established an Energy Policy Group to co-ordinate follow-up to the Conference and issued an action plan to advise field offices on UNDP's role in the implementation of the Conference's programme of action, including priority action in such areas as energy planning, research, technology transfer and training.

84. In collaboration with UNCTAD, UNDP also circulated an aide memoire to Governments of least developed countries to ascertain the scope and specifics of the assistance required as follow-up to the Conference on Least Developed Countries. In this connexion, the Programme undertook special appeals for support of the Special Measures Fund for Least Developed Countries and the United Nations Capital Development Fund, singled out by the Conference as important vehicles for assistance to the least developed. As already noted in Part A above, a number of donor conferences were also set in motion for least developed countries, particularly in Africa, drawing as well upon the resources of UNSO, SMFLDC, UNCDF, UNV and other relevant programmes administered by UNDP.

Programme developments

85. Since the adoption of New Dimensions policies by the Governing Council in 1975, UNDP assistance to projects executed by Governments has grown steadily to \$12.3 million in approvals (and \$10.3 million in expenditures) in 1981. While 16 Government-executed projects were approved under the Programme during 1976-1978, 96 were added during 1979-1981.

86. During 1981, the Programme reviewed the various factors affecting the progress made in the application of Government execution and recommended several improvements in financial and administrative arrangements for consideration by the Governing Council at its twenty-ninth session (DP/1982/11). The results of the assessment generally confirmed the validity of Government execution as an effective modality for the implementation of UNDP-supported projects, while also underscoring the support for such projects to be derived from the technical experience and accumulated knowledge of the United Nations development system.

87. Among its other activities in 1981, the UNDP/Inter-Agency Task Force (IATF) also collaborated closely in the extensive review of Government execution undertaken by UNDP. Established in November 1977, the Task Force has the basic objective of assisting in efforts toward a better articulation of operational policies for development within the United Nations system, including means toward more effective common action. Twice extended by the ACC and the UNDP Governing Council, the IATF in 1981 continued its close consultation with UNDP on such issues as direct execution of projects by UNDP, including criteria and procedures for their selection; the simplification and standardization of reporting procedures for expenditures on operational activities; participation in and review

of other documentation prepared by UNDP for submission to the Governing Council; the preparation of guidelines for approval of projects funded by the Financing System for Science and Technology for Development; and the possible use of the UNDP country programming process as a frame of reference for other operational activities of the system.

88. Field office reports for 1981 indicate some promising examples of the initial use of the country programming process as a frame of reference, already beginning to take hold in various countries. The third country programme for Nepal, for example, has been prepared in a manner aptly described as "co-ordinated programming of resources", in which UNDP resources were programmed on a sectoral basis linked to Government requirements under its five-year development plan and in full knowledge of ongoing and anticipated assistance provided or to be provided by each United Nations agency, the World Bank, AsDB, IFAD and bilateral donors. Consistent with this approach, the Government of Nepal has adopted a policy ensuring annual programme reviews, concurrent with and closely allied with the Government's own budgeting process. These meetings also engage in continuous programming, including the submission and review of new, additional proposals for UNDP assistance. The first such review, chaired by Nepal's Foreign Aid and Programmes Division of the Ministry of Finance, was held in June 1981 and attracted participants from six other Government ministries, the World Bank, AsDB, FAO, WHO, ILO, UNESCO and UNFPA.

89. In Thailand, the Government itself has also adopted country programming as a tool for co-ordinating external assistance. Thailand's new country programme is thus being used as an example of the way in which the Government wishes donors to proceed in programming, generally. Similarly, the Government of Chile intends that the UNDP-supported programme and its objectives be used as a point of reference by all other bilateral and multilateral sources. The field office in the United Arab Emirates reports that UNDP already monitors some \$5.9 million in agency funds-in-trust projects and adds that as the Government's co-ordinating capabilities become strengthened (with UNDP support), the country programming process is expected to assume increasing importance as a system-wide framework. In Guyana, some \$8.5 million in agency regular programme assistance may be made available in the third cycle, which could constitute a major step toward the framework concept. In Madagascar, where various agency and bilateral efforts are closely tied to UNDP-supported programming, UNDP also actively collaborates in the preparation of sectoral policies or intersectoral strategies designed by the Government and hence helps shape the framework for assistance. As Resident Co-ordinator in Egypt, the UNDP Resident Representative reports that a multidisciplinary dimension in sectoral development is now becoming a reality due to greater coherence of action between UNDP and its partner agencies. "This has been accomplished", he states, "in full consultation and co-ordination with all the representatives of the United Nations organizations in Egypt and in conformity with the priorities established by the Government", although continued diversity in planning, operational procedures and execution of programmes remain to be unified.

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90. While other field offices reported similar progress along these lines, many others nonetheless cited the continuing proliferation of agency missions and independent operational structures as a major obstacle to the fulfillment of the restructuring resolution's intent in this matter. As one Resident Representative summed up the issue, "UNDP's co-ordinating role can be successful only if there exists a political will on the part of both Governments and the agencies to really make this process work, so that their representatives are instructed accordingly".

New capacities in management information

91. In many respects 1981 was a milestone year for UNDP with respect to the development and operation of management information systems. Up to the end of 1980, most of the resources associated with management information systems were devoted to the development of new systems. Extensive dependence on external consultants characterized that period, and UNDP continued to lack the capabilities to maintain and continually upgrade systems in accordance with evolving needs of management. During the past year, all major systems became operational, and UNDP's internal capabilities were being strengthened to fulfill the new role.

92. In 1977, the Administrator had initiated a number of specific steps to strengthen UNDP capabilities to support all major management functions in UNDP with information both up-to-date and of high quality. The Integrated Systems Improvement Project (ISIP), established at that time with the help of special contributions from the Governments of Canada, Japan, the Netherlands, Norway and Sweden, formulated a comprehensive conceptual design and co-ordinated the initial development of an integrated group of computerized information systems. ISIP, as a separate organizational entity, completed its tasks by the end of 1980 and its functions were taken over by the Division of Management Information Services (DMIS). DMIS has since been reorganized according to the organizational structure approved by the Governing Council in June 1981, and has followed through to complete the initial versions of all new systems and to begin the on-going job of maintaining and enhancing them.

93. Highlights of the systems that are now operational and provide UNDP management with a broad spectrum of reports are as follows:

(a) All parts of the Programme and Project Management System are now installed and provide up-to-date information on project budgets, expenditures, descriptive information on projects within the "Project Institutional Memory", planned programme and project monitoring actions as well as the UNDP pipeline. Interactive terminals are available to all user groups in UNDP Headquarters.

(b) A new Accounts System is also operational, capturing data on a daily basis and providing financial managers with a wide range of periodic reports, as well as the capability to bring information on line to them any time through special reports and access to the data through computer terminals.

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(c) The Income and Cash Management System is in its final stages of testing prior to achieving its initial goals of supporting UNDP's Treasury functions and generating improved information concerning the cash, contributions, investments and disbursements for both UNDP and UNDP-administered trust funds.

(d) The Administrative Budget System, the third of the three major integrated financial systems, is now supporting the Organization's budget preparation and appropriations control functions.

(e) The Personnel System, which maintains comprehensive, up-to-date information on staff members at Headquarters and in the field, also is adding new capabilities for managers in the areas of manpower planning and the administration of personnel.

94. The next priority is to focus on essential information for managers who require more such data related to the execution of projects (trust funds and OPE). Another necessary evolution will be to relate the information systems more directly to the requirements of managers serving in UNDP's field offices. These future activities are being planned carefully within a longer term objective of continuing to meet management's needs for accurate and timely information throughout the 1980s.

Staff management and training

95. Pursuant to General Assembly resolution 32/197, 82 Resident Representatives were serving as Resident Co-ordinators at the end of 1981. At the same time, eight UNDP career staff were appointed as Resident Representatives during the year, in addition to the 50 Deputy Resident Representatives appointed to such posts since 1976.

96. In compliance with the Reassignment and Policy Guidelines issued in March 1981, 113 staff reassignments were implemented by UNDP in 1981. Out of these, 26 per cent were Headquarters to field, 21 per cent field to Headquarters, and 53 per cent field to field reassignments. Some 41 per cent of the reassignments in 1981 have also involved change of bureau. Fifteen of the moves from Headquarters to the field were first-time assignments to the field, and eleven postings from field to Headquarters were first-time Headquarters assignments. These figures compare favourably with the period 1978-1980, when Headquarters staff assigned to field duty stations comprised only 15 per cent of the total number of reassignments, and reassignments from field to Headquarters averaged 19 per cent, with the bulk of the reassignments made between field duty stations.

97. The proportion of professional women in regular posts also increased during the first six months of 1981 (i.e., before the recruitment freeze) and amounted to more than 20 per cent by the end of the year. The number of women in UNDP has increased gradually from 8 per cent in 1976 to 13 per cent in 1977, 14 per cent in 1978, 16 per cent in 1979, 19 per cent in 1980 and 20 per cent in 1981. More than one-third of these women were serving in field duty stations, nine of them as Resident or Deputy Resident Representatives.

98. In May 1981, UNDP issued guidelines to all UNDP field offices on the employment of National Officers. Since that time, tentative grade levels have been assigned to more than 100 National Officer posts on the basis of detailed information submitted by field offices. Pilot salary surveys were conducted in co-operation with the United Nations and UNICEF in six field offices, in preparation for the implementation of separate National Officer salary scales.

99. The Programme has also continued to provide a valuable input of young professionals at the junior levels of the Organization, at present sponsored by Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Finland, France, Italy, Japan, the Netherlands, Norway, Sweden and Switzerland. Of 90 Junior Professional Officers (JPOs) in post at the end of 1981, 50 per cent were serving in least developed countries. Fourteen of the JPOs were from developing countries under third country sponsorship; 32 of the total number were women. UNDP has also continued to administer 54 JPOs on behalf of UNIDO, and one each for UNCTAD and the United Nations Division of Narcotic Drugs. In addition an agreement has been reached during 1981 to enable the United Nations Department of Technical Co-operation for Development to field JPOs under the administrative umbrella of UNDP.

100. During 1981, ten intensive in-service training courses provided 196 staff members with instruction in such subjects as development policy, project design, administration and financial management, programme policy and operations, as well as supervision and management. These courses were attended by all categories of staff, locally-recruited and general service staff through Resident Representatives, and mark a significant increase in the number and proportion of female participants in those relating to programming and management skills. Three new courses were developed in 1981: a Development Policy Seminar providing Resident Representatives with an opportunity to re-examine their own experience within the context of current theory and practice in the field of social and economic development; a Programme Policy and Operations Course, specifically addressing the needs of JPOs within the first six months of their assignments; and a Programme Trainer's Workshop, enabling selected staff to conduct, on a regional basis, courses designed to improve project formulation skills.

101. During 1981, 135 staff members also received educational assistance in support of their participation in 413 courses on administration, management and development related subjects offered by academic and technical institutions. An additional 28 staff members attended specialized workshops organized externally in such fields as personnel administration, intensive language training, data processing and other job-related areas. Other specific job skills courses conducted by the United Nations received over 340 enrolments from more than 200 staff members stationed in New York, while field offices, through their annual training programmes organized locally, provided approximately 1,000 staff members with a range of in-house seminars and individually selected outside courses directly aimed at increasing job effectiveness. The special English course developed by UNDP for field offices without access to other formal means of instruction benefitted 245 staff members in 14 offices, while another 610 field staff participated in other job-relevant language studies in host countries.