

UNITED NATIONS DEVELOPMENT PROGRAMME



Distr.
LIMITED

DP/1982/BFC/L.3/Add.17
15 June 1982

Original: ENGLISH

GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-ninth session
June 1982

REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Rapporteur: Mr. Finn Norman Christensen (Denmark)

Chapter VIII

SECTORAL SUPPORT

1. For consideration of item 7 (g) of the Council's agenda, the Committee had before it document DP/1982/61, containing a note by the Administrator on sectoral support.
2. Introducing the item, the Assistant Administrator, Bureau for Programme Policy and Evaluation, stated that the Administrator had presented the note mainly because of the financial implications of the ceiling on programme resources for the special budget line for sectoral support. If expenditures incurred against this budget line were to be contained within the same limits as the main programme, reductions would have to be made. To this end, the Administrator was presenting two options for the consideration of the Committee: (a) either maintain the same real level of sectoral support services in 1983 as in 1982 and scale down the support in 1984-1986 so that, for the cycle as a whole, the sectoral support budget line would be subject to the same pro rata reductions as those in IPFs; or (b) start applying the ceilings in 1983, so that less severe cuts would be made in 1984-1986.
3. With regard specifically to the SIDFA programme, the Administrator proposed to the Council that non-IDC Governments drawing upon SIDFA services should be required to contribute part of their cost, bearing in mind the consultations initiated by the Administrator in this regard, as well as the fact that the cost projections for SIDFAs in 1982-1983 presented to the twenty-eighth session of the Council had assumed such receipts.

Summary of discussion in the Committee

4. Members welcomed the introduction by the Assistant Administrator as well as the note by the Administrator. Several members expressed their support for the proposal that countries drawing upon the services of SIDFAs should be required to contribute to the cost of the SIDFA programmes. These members emphasized that the willingness of

Governments to contribute indicated the importance which they attached to the SIDFA programme. The fact that only seven Governments were willing to contribute was mentioned in this context and questions were addressed both to the secretariat and to the representative of the United Nations Industrial Development Organization (UNIDO), in order to obtain information on why many Governments had declined to contribute to the SIDFA programme.

5. Other members indicated that the SIDFA programme should continue to be financed from UNDP resources and that any Government contributions should be voluntary. These members could not accept that an obligatory charge be made to the countries drawing upon the services of SIDFAs. It should therefore be recommended that the Administrator continue to pursue the consultations on a possible Government contribution initiated by him in response to decision 80/32. Some members also felt that it was for UNIDO rather than for recipient Governments to share a higher proportion of the costs of the SIDFA programme. The UNIDO representative was called on to provide information on the measures undertaken in response to operative paragraph 5 of decision 80/39, in which the Governing Council called upon the Secretary-General to make all efforts to increase UNIDO's share of the cost of the SIDFA programme.

6. With regard to the options for financing sectoral support in 1983 mentioned in the Assistant Administrator's introduction, opinions were expressed in favour of both options. A majority of members supported option (b) whereby main programme ceilings were to be applied to the sectoral support programme in 1983; but many members supported option (a) whereby cuts would be made starting in 1984. Some members stated that they were concerned over the possible high costs to UNDP of termination payments if the scaling-down were to start in 1983, whereas others stated that an increase in the resources basis in the immediate future could not be expected and that therefore the necessary cuts should be made starting in 1983. This would avoid maintaining a higher level of financing than the present resource situation permitted.

7. The representative of UNESCO stated that he hoped there would still be a possibility for larger agencies to receive sectoral support financing in the future and requested that the Council consider financing two UNESCO sectoral advisers in 1983 as well as in 1982 so that there would be sufficient time to prepare for paying these posts from UNESCO's own resources, starting in 1984.

Response of the Administration and UNIDO

8. The Assistant Administrator, replying to the questions raised in regard to SIDFAs, stated that most Governments which had rejected the invitation to contribute to the SIDFA programme had not indicated why they declined to contribute. Most of them had simply said that they did not have the resources necessary to meet the \$40,000 which represented 25 per cent of the cost per year per SIDFA which they had been asked to contribute. In the view of the Administrator, allocating the funds which remained, after the SIDFAs in LDCs and contributing countries had been paid for, to countries not contributing would not be equitable, nor would there be any incentive for non-contributors to start co-financing their SIDFAs.

9. With respect to options (a) and (b), the Assistant Administrator distributed a note explaining the financial impact on the sectoral support budget of these options. It was also explained that because of the uncertain financial situation, agencies had been advised that no contracts for advisers should be approved beyond the end of 1982. Termination payments were thus expected to be minimal, even if option (b) were chosen. Consequently, the Administrator proposed that the resources ceiling should apply to the sectoral support budget line with effect in 1983.

10. With regard to share of the cost of the SIDFA programme being met from UNIDO, its representative explained that UNIDO had increased the allocation for SIDFAs' duty travel out of its regular budget by 15 per cent; that the UNIDO JPO programme was a valuable complement to the SIDFA programme; that three countries had provided trust funds to pay for three SIDFAs; and that UNIDO missions also helped fulfil SIDFA functions.

11. After some further debate, the Committee decided to recommend that the following draft decision be adopted by the Council:

The Governing Council,

Recalling its decisions 80/30 of 26 June 1980 and 81/39 of 30 June 1981;

Having considered the note by the Administrator on sectoral support (DP/1982/61) and the views and comments of members thereon;

(a) Endorses the Administrator's proposed allocation for sectoral support activities in 1982;

(b) Decides to provide sectoral support financing in the future, primarily to the smaller Agencies;

(c) Requests the Administrator to take the necessary steps in order to maintain the sectoral support programme within the over-all financial resources of the Programme;

(d) Reaffirms that the sectoral support programme shall be subject to the same across-the-board percentage reductions as those in IPFs of all countries;

(e) Authorizes the Administrator to finance the maximum number of SIDFAs possible within existing resources, while continuing the consultations with member States requested in its decisions 80/32 and 81/39;

(f) Further decides that for both host countries and other countries drawing upon the services of a SIDFA, priority shall be given to those countries that have agreements as referred to in operative paragraph 4 of decision 81/39, so that some part of the total net cost for those services shall be financed from national IPFs and/or other national sources, with a view to achieving to the extent possible a share of one-quarter of this cost, taking into account the particular situation of the least developed countries;

(g) Invites the attention of the Economic and Social Council and the General Assembly, at their next regular sessions, to the urgent need for UNIDO to bear an increased share of the cost of the SIDFA programme; and,

(h) Decides to review progress in this matter at its thirtieth session.

12. Four members of the Committee wished to reserve their position with respect to paragraph (g) of this decision. These members did not wish any additional burden stemming from an increased UNIDO contribution to the SIDFA programme to cause an increase in the regular budget of the United Nations.
