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

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE
Rapporteur: Mr. Finn Norman Christensen (Denmark)

AMENDMENTS TO THE DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

DP/1982/BFC/L.3/Add.1 (AUDIT REPORTS)
Paragraph 3, first sentence: for "of great relevance", read "most valuable".

DP/1982/BFC/L.3/Add.2 (FISHERIES VESSELS POOL)
Paragraph 4, third sentence: for "non-technical", read "political".
Paragraph 4, fourth sentence: before the word "vessels", insert the word "old".

DP/1982/BFC/L.3/Add.3 (ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1981:)
B. Housing and office accommodation for field personnel

Paragraph 4: replace the first sentence with the following: "Most members agreed with the proposal to devote part of the Reserve for Construction Loans to Governments to office accommodation, but some were of the view that the percentage proposed in the report (25 per cent) was somewhat high, particularly since the use of the Reserve for such office accommodation had been restricted to exceptional circumstances as set out in financial regulation 12.2.(b). It was suggested that the percentage should be scaled down until experience proved whether a lower proportion of the Reserve, such as might be approved by the Council for this purpose, was adequate."
(The revised portion of the text is underlined.)

Paragraph 6: add the following new operative paragraph 5 to the recommendation:
"5. Requests the Administrator to include in his report on the annual review of the financial situation a section on the Reserve for Construction Loans to Governments, and related matters."
C. Actions taken to implement decision 81/28 in respect of trust funds

Paragraph 3: the last sentence should read as follows: "The member proposed alternative wording for this paragraph based on the existing (old) financial regulation 6.4."

Paragraph 5: for the word "inputs" read "procurement".

Paragraph 6: after the fifth sentence ending with the word "Government" insert the following new, additional sentence: "The Assistant Administrator confirmed that the application of the guidelines would be in conformity with the current UNDP financial regulations."

Paragraph 3, second sentence: after the acronym "UNSO", insert the words "and other non-IFF-funded".

Paragraph 7, third sentence: after the acronym "OPE", insert the words "recalled the original intention in setting up OPE and",

Paragraph 7, third sentence: after the final word "competition", replace the full stop with a comma and add the words "to the extent that OPE might expand its activities into areas more properly within the competence of other parts of the United Nations system".

Paragraph 9, after the first sentence insert the following two new additional sentences: "He explained that UNDP's monitoring of agency support cost expenditures was based upon the audited accounts of the agencies as well as other financial statements. This monitoring was not done on the basis of any detailed analysis."

Paragraph 10, operative paragraph 2 of the recommendation: for the word "endorse", read "welcomes".

Paragraph 10, operative paragraph 3 of the recommendation: for the word "are" read "operate"; and for the words "are on biennial" read "operate on a biennial".
DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

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AMENDMENTS TO THE DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Addendum


Page 3, paragraph 11, should read:

11. The Committee recommends that:

The Governing Council,

Having reviewed the report of the Administrator on the review of the financial situation in 1981 (DP/1982/49) and taking into account the observations and comments made by members.

Noting with concern the projected decline in programme delivery in 1982 due to the lack of sufficient resources to sustain the envisaged growth of the programme for the third cycle.

Recalling decision 80/30,

1. Call upon Governments to increase their contributions to the programme, taking into consideration the need for a more equitable distribution of contributions;

2. Express deep concern at the lagging pace of payment of contributions and strongly reiterate its call to Governments to pay their contributions to UNDP as early as possible during the year;

3. Call upon Governments whenever possible to provide UNDP with a proposed payment plan for their annual contribution;
4. **Call upon** Governments to pay without delay, during 1982, all amounts due to the Programme;

5. **Endorse** the steps taken by the Administrator to ensure that the level of programme delivery is consistent with existing and projected resource availability;

6. **Decide** to restore the level of the Special Industrial Services for 1977-1981 to $17.5 million and **authorize** that the difference between this level and the fund expenditure for the second cycle be carried forward and added to the third cycle allocation for Special Industrial Services.
GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-ninth session
June 1982

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE
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AMENDMENTS TO THE DRAFT REPORT OF THE BUDGETARY
AND FINANCE COMMITTEE
Addendum

DP/1982/BFC/L.3/Add.7 (UNITED NATIONS FUND FOR POPULATION ACTIVITIES)

Page 5, line 1
For A number of read Many.

Page 5, line 7
Before sentence beginning "With regard to" insert following sentence:
Many members indicated that any possible problems in the rendering of
services by UNDP to UNFPA are of a management nature and should be dealt
with, and, if possible, resolved, at the managerial level by UNDP and
UNFPA.

Page 7, line 6
For Administrator read UNDP Assistant Administrator.

Page 8, subparagraph (d), line 3
For proved read prove.
GOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
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June 1982

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Rapporteur: Mr. Finn Norman Christensen (Denmark)

CONTENTS

Corrigendum

1. Under Chapter I, MATTERS REFERRED TO THE COMMITTEE BY THE PLENARY, add the following new section:
   H. Policy review: Additional and alternative ways of financing and providing development assistance through UNDP and the funds administered by UNDP

2. Under Chapter IV, PROGRAMME SUPPORT AND ADMINISTRATIVE SERVICES BUDGET, 1982-1983, replace the existing sections A. and B. with the following four new sections:
   A. General observations
   B. Administrator's request for authority to reinstate posts
   C. Reimbursement for services provided by UNDP field offices to executing agencies
   D. UNSO-UNDP/UNEP joint venture (institutional support)
GOVERNIG COUNCIL
BUDGETARY AND FINANCE COMMITTEE.
Twenty-ninth session
June 1982

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Rapporteur: Mr. Finn Norman Christensen (Denmark)

AMENDMENTS TO THE DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

ADDENDUM


Page 6, paragraph 23
Insert second line: DP/1982/52 and the grand total of table 9 of DP/1982/53:

Page 7, paragraph 26, line 1
After "UNFPA budget" insert: (see Chapter X of the report)

Page 9
Insert new paragraph 6:
6. Requests the Administrator to report on the use of his authority under paragraph 5 above to the thirteenth session of the Council.

and renumber paragraph 6 to read paragraph 7.

DP/1982/BFC/L.3/Add.11 (UNDP DEVELOPMENT STUDY PROGRAMME)
Delete paragraph 4 and insert new paragraph 4 as follows:
4. The summing up made by the Chairman was adopted by the Committee, in accordance with which the UNDP Study Programme should be financed from voluntary contributions.

DP/1982/BFC/L.3/Add.12 (ILLUSTRATIVE IPPs AND SPECIAL PROGRAMME RESOURCES)

Page 2, paragraph 4, line 2
After DP/1982/21 insert and DP/1982/21/Add.2
DP/1982/BFC/L.3/Add.15 (ADMINISTRATOR’S REQUEST FOR AUTHORITY TO REINSTATE POSTS

Page 3

Above paragraph 8 insert heading:

Further discussion by the Committee

Paragraph 8

The first sentence should read:

8. The majority of members agreed that in light of the additional explanations of the Assistance Administrator the Administrator should be provided with the necessary flexibility to carry out responsible management of the programme.
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BUDGETARY AND FINANCE COMMITTEE
Twenty-ninth session
June 1982

DRAFT REPORT OF THE BUDGETARY AND FINANCE COMMITTEE

Rapporteur: Mr. Finn Norsman Christensen (Denmark)

AMENDMENTS TO THE DRAFT REPORT OF THE BUDGETARY AND
FINANCE COMMITTEE

ADJUDICATE

DP/1982/BFC/L.3/Add.16 (Increased host Government contributions for UNDP field offices)

Page 3, paragraph 5

The penultimate sentence should read: One member stated that under the basic agreement, host Government contributions for UNDP field offices were essentially voluntary and the level of such contributions should be "mutually agreed between the Parties".

DP/1982/BFC/L.3/Add.19 (Reimbursement for services provided by UNDP field offices to executing agencies)

Page 1, paragraph 2

The second sentence should read: However, it would result in unacceptable additional costs to the regular budgets of agencies, which would ultimately have to be funded by Member Governments.

Paragraph 2

At the end of the paragraph, add the following sentence: Another member stated that, in his opinion, the UNDP field offices should be supported by the United Nations regular budget.

Paragraph 3, line 1

For Another member, read Several members
Page 2, paragraph 4, last sentence
For Administrative Co-ordination Committee read Administrative Committee on Co-ordination

DP/1982/BFC/L.3/Add.20 (Government execution)

Page 2, paragraph 3
Line 5: delete entirely
Line 7: after "resources", insert new sentence as follows:
Some members stated that the add-on proposal would be contrary to the spirit of decision 80/30 as it would upset the balance of the IPFs.

Page 2, paragraph 3
Line 19: after "be used" insert "as a central fund"

Last line: for a couple of years read two years

Page 3, line 4
For relate to agencies, read relate to Governments

Following paragraph 7, insert:

Further discussion in the Committee

8. One delegation stated that while it did not intend to prevent a consensus, it wished that its serious reservations to the proposed decision be recorded, in particular: (a) the proposed decision was contrary to the principles of the IPF, adopted by the United Nations General Assembly; (b) it would co-mingle and confuse two distinct budgetary lines, namely programme budget and administrative budget; (c) the decision proposed the use of possible savings under one type of budget provision for another type of budget provision. The delegation also considered that the assumption of savings on support costs, on which the resolution was predicated, was premature.
Another member opposed the implementation of that programme, under which UNDP funds would be used to finance feasibility studies for investments made principally by private and foreign companies. He pointed out that such a programme conflicted with the sovereign right of developing countries' governments to determine the objectives and orientation of investment policy.

A few members expressed the view that the Industrial Development Fund might be used for this purpose.
Paragraph 6

The second and third sentences should read:

A majority of members supported option (b) whereby main programme ceilings were to be applied to the sectoral support programme in 1983 so as to try to offset the possible detrimental effects on the SIDFA programme of a sudden cut-back to be carried out in six months' time. Other members supported option (a) whereby cuts would be made starting in 1984 so that a slightly lower number of SIDFAs could be maintained for a longer period of time, avoiding fluctuations in the number of posts.
After sentence ending with "direction of UNDP." insert:

Two members stated that the adoption of the Administrator's proposals (DP/1982/35) would undermine the fundamental principles of UNDP activity - its international, voluntary and universal nature and could transform it into a type of commercial organization oriented towards co-operation with firms from market economy countries. They stressed that document DP/1982/35 was received by their delegations only at the beginning of the twenty-ninth session, was not studied by the appropriate organizations of the member countries of UNDP. They therefore spoke against the adoption of this document, and also against the premature establishment of an intersessional group on these questions. They further stated that there was the need for full observance of the fundamental principles of the Consensus of 1970 in defining the future role of UNDP.
Page 5, paragraph 15, line 1

Insert following new first sentence:

Some delegations were prepared to allow the Administrator to interpret the Financial Regulations as not containing any impediment to accepting conditions in relation to trust funds prescribing competitive bidding limited to the donor country or countries.

The second sentence should read:

Several members supported the principle of equitable geographic distribution in the procurement of supplies and services and expressed serious reservations on the waiver of competitive bidding for trust funds.

Paragraph 16, line 6

Delete the text beginning with "Two members who had" and ending with "should operate."

Page 6, paragraph 17, line 4

Insert following sentence

A few members indicated their opposition to this proposal.

Page 8, paragraph 25 (c), line 6:

For paragraph 2 above read this paragraph;

Paragraph 25 (d), line 5

For decides read decide

Page 9, line 6

For paragraph 21 read paragraph (d)

Paragraph 26

Insert following additional paragraph 26:

26. Two members who had joined the Consensus in a spirit of compromise nevertheless stated that the requirements of international competitive bidding constituted one of the fundamental principles of UNDP, and that UNDP could not make an exception to this principle without running the risk of moving even further away from its real nature as a multilateral organization. Its strength and appeal lay in its multilateral nature. These members remained opposed in principle to the adoption of the proposed exception to international competitive bidding (paragraph (d) above). They joined the consensus exclusively because they felt UNDP was here responding to a special situation, which must be considered an emergency one. Another member supported the statement of these two members as reflecting his own basic attitude and understanding of how UNDP should operate. One member expressed his reservation on the preambular paragraph because these did not recognize the principles laid down in the Consensus of 1970.
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BUDGETARY AND FINANCE COMMITTEE
Twenty-ninth session
Geneva, June 1982

AMENDMENTS TO DP/1982/BFC/L.3/Add.21

Page 1, paragraph 2, line 3
For paragraph 3 (b) read paragraph 3 (d) and (e).

Page 2, line 1
The sentence beginning with "First" should read:
First, UNDP was unable to use them despite numerous special efforts on its part
to do so, notwithstanding that the Financial Regulations precluded special treatment
for any voluntary contributions.

Line 5
Following the sentence ending with "organization" insert:
These Governments also felt that the non-convertible nature of the accumulated
currencies resulted in the denial to the developing nations of needed funds which could
otherwise be used for their IPFs.

Paragraph 4, line 4
Following the sentence ending with "to UNDP." insert:
They expressed their view in favour of the adoption of all outstanding Financial
Regulations which are at present unsettled but still in force.

Line 13
Following "emphasized" insert their view

Line 15
Following "decisions which" insert: they considered

Line 16
Following "emphasized that" insert: in other international organizations and
funds as well as
End of paragraph 4

Insert: These delegations resolutely objected to attempts they considered violated the principle of universality and the principle of the voluntary basis of contributions to UNDP.

Paragraph 5, line 9

Following the words "plenary debate" delete the word "proposed" and insert "made a proposal which in his opinion was in conformity with the decision of the twenty-third session of the Governing Council".