

UNITED NATIONS
DEVELOPMENT
PROGRAMME



UNDP

Distr.
GENERAL

DP/1983/ICW/13
8 March 1983

ORIGINAL: ENGLISH

GOVERNING COUNCIL
INTERSESSIONAL COMMITTEE OF THE WHOLE
Third session
6-8 April 1983
Agenda item 6

CONSIDERATION OF OTHER QUESTIONS CONTAINED IN THE
ADMINISTRATOR'S REVISED PROPOSALS RELATING TO
DOCUMENT DP/1982/35

Report of the Administrator

Summary

This paper is an amended version of DP/1982/35, which was submitted to and considered by the Governing Council at its twenty-ninth session. It contains proposals to assist in increasing the flow of technical assistance resources to developing countries by the further extension of the services of the UNDP field office network to recipient and donor Governments.

Contributions in cash and kind to projects assisted by UNDP are supported. It is proposed that contributions in kind from third parties should be made to recipient Governments in the first instance.

It is further proposed that UNDP might increase its assistance to recipient Governments in the co-ordination and integration of technical assistance programmes and projects. This would only be with the full concurrence of and in collaboration with the recipient Governments. The same condition would apply to the proposal to make available the UNDP extensive field network to donor Governments which may not have their own infrastructure to handle their bilateral programmes. In providing a wide range of services, UNDP would draw on the expertise of the agencies of the United Nations system on the same basis as it does for UNDP-financed projects. Examples are given of services which might be rendered and it is emphasized that these would not be normal programming and executing responsibilities.

Subject to the approval of the Governing Council, the Administrator intends to enter into any of the various types of arrangements described. UNDP would recover costs incurred in rendering the proposed services, including compensation for the executing agency, if applicable.

/...

Introduction

1. The report of the Administrator on Additional and alternative ways of financing and providing development assistance through UNDP and the funds administered by UNDP (DP/1982/35) was considered by the Council at its twenty-ninth session.
2. In decision 82/5, the Governing Council took note of the proposals made by the Administrator, took decisions on Section C of the report dealing with cost sharing and on Section D, dealing with Trust Funds and support costs thereon. With respect to trust funds, the Administrator was requested to report to the Council at its thirtieth session on the use of the authority granted to him in paragraph 4 of decision 82/5, section IV, to accept funds that are conditioned on procurement from a donor country or countries in respect of the operations of the United Nations Sudano-Sahelian Office(UNSO), the United Nations Capital Development Fund (UNCDF) and the United Nations Financing System for Science and Technology for Development (UNFSSTD). In order to provide the Council with the most up-to-date information, a conference room paper will be submitted together with the Administrator's recommendations at the forthcoming session.
3. The Council decided that the other matters raised in document DP/1982/35 and on which no decisions were taken at its twenty-ninth session would be further studied with a view to a discussion being held on this subject at its thirtieth session. The Council further decided in decision 82/5, section II, that these other matters should also be reviewed by the Intersessional Committee of the Whole.
4. In the light of the Council's decisions 82/5, sections II and IV, and taking into consideration the frank and open as well as constructive consultations that have been held with the agencies during the course of the last year and after further examination within UNDP, the Administrator has decided to submit to the Committee this amended version of document DP/1982/35. The paper omits those matters on which the Governing Council has already taken a decision or which the Administrator does not intend to pursue further and includes, therefore, only those remaining matters which the Administrator recommends for consideration. Even in these latter cases, the proposals have been revised in some significant respects.
5. At a time when financial resources - especially for assistance purposes - are scarce in all donor countries, it is particularly important to reaffirm the unique role of the United Nations development system as a mechanism for providing assistance on an impartial and universal basis for developing countries, particularly the least developed. In this system, UNDP has a particular role to play as the central funding mechanism for technical assistance which is equipped with the largest field office network in the United Nations system. It is essential that this role of UNDP be preserved and that adequate funds be provided to the central resources of UNDP to at least maintain the real level of technical assistance going to the developing countries.

6. Besides the voluntary contributions to the central resources of UNDP and its affiliated programmes, other sources of funds have significantly expanded UNDP activities, e.g., Government contributions in kind and cost-sharing contributions. In order to assist in increasing the flow of resources to the developing countries at a time when the growth in voluntary contributions is falling considerably short of their expectations and of the targets established by the Governing Council and the General Assembly, and since one of the most economical and efficient ways of providing services to the developing countries is to use the existing facilities of the UNDP field network, the Administrator proposed in document DP/82/35 additional or alternative ways in which an increase in assistance to developing countries might be financed and supported by UNDP field offices and to consider whether such alternative sources of finance should not be utilized more extensively than at present.

7. Some of these alternatives were considered by the Governing Council at its twenty-ninth session and the decisions taken are already in effect. Proposals concerning contributions in cash and in kind and the provision of management and other support services on behalf of Governments are considered here.

A. Contributions in cash and in kind

8. Since the earliest days of the United Nations Special Fund, recipient Governments have supplemented the assistance financed by voluntary contributions to UNDP through contributions in kind, e.g., equipment, personnel, land and buildings, as well as, in some cases, contributions in cash made in their own currency to pay for local expenditures. In fact, such contributions by recipient Governments exceed in value the total value of inputs provided by UNDP. Thus, in 1981, the total programme delivery financed by the UNDP core programme was about \$670 million. In that same year, government contributions to the same programmes and projects, in kind and in cash, are estimated to have been in the order of \$820 million.

9. Government contributions in kind have been growing in proportion to programme delivery. In some cases, contributions in kind have also been made by third party donors, sometimes in the form of co-financing arrangements whereby a part of a UNDP-financed project is taken over by a third party donor. In an increasing number of cases, joint or parallel financing arrangements have been agreed upon, whereby third party donors join with UNDP in designing and financing large projects but each party implements its portion of the project separately. Contributions in kind, whether directly in kind or through co-financing or similar arrangements, are not included in the UNDP programme delivery figures as presented in financial statements, which only include expenditures financed by contributions in cash.

10. In document DP/82/35, it was proposed that contributions in kind should continue to be welcomed on an increasing scale. The Administrator adheres to this recommendation but now proposes that, where the contributions in kind are from third parties, they should be made in the first instance to the recipient Governments, which would in turn make the personnel, goods or services

/...

available to the project. In each case UNDP administration, in consultation with recipient and donor Governments and with the agency executing the project, would ensure that such contributions in kind meet the required specifications and criteria for equipment acquisition, such as availability of spare parts and servicing, etc., and that they constitute an integral part of the project and are suitable for the purposes of the project. It should be noted that this provision would apply to all the funds and programmes which have been entrusted to the Administrator.

11. To the extent that such contributions in kind are made to the Government for projects not financed by the United Nations system, the provisions proposed in Section B of document DP/1982/35 could apply.

12. Although the equipment and goods would be consigned to the recipient Government, UNDP could be appointed by the contributing and recipient Governments to be the handling agent for the clearance and delivery of the equipment and goods to the site, in the same way as it does now for UNDP-financed and most United Nations system projects. UNDP would, of course, make a charge for its services.

B. Management and other support services on behalf of Governments

13. The Administrator believes that UNDP using agency expertise, wherever appropriate, is particularly well suited to the task of providing services that would enable recipient and donor Governments to draw maximum benefits from financial resources presently not available through the United Nations system to the developing countries.

14. First, in view of the role of UNDP, together with the recipient Government, in the elaboration of the country programme and of the central co-ordinating role of UNDP for United Nations system technical assistance as defined in various decisions of the Governing Council and resolutions of the General Assembly, more effective use can often be made of scarce financial and real resources when these additional resources are programmed in close liaison with UNDP and United Nations system inputs. In fact, in some countries, particularly least developed countries, UNDP is already assisting recipient Governments in advising them how proposed programmes and projects can be properly integrated.

15. Second, UNDP has an extensive infrastructure, including at present 116 field offices, which can be put at the disposal of all Governments. Some donor Governments may not yet have an infrastructure of their own which is adequate to support development aid which they might otherwise wish to provide to a particular country or region. Furthermore, both recipient and donor Governments, conscious of the scarcity of resources presently available, may find it advantageous to use a proven field office structure already in place that could provide services at a lower marginal cost compared with the cost to either the donor Government or a United Nations agency of setting up a separate field establishment in the country concerned. In so doing, all parties would be recognizing that the real cost of delivering a programme is

/...

the total cost, i.e. not just the direct cost of the inputs but also the cost of execution, including administrative costs, and that the unique field network of UNDP could provide a valuable service in cutting total costs.

16. It should be emphasized that, in all cases, UNDP would act only with the full concurrence of and in collaboration with the recipient Governments. Further, these proposals do not apply to projects financed from multi-bilateral or other trust funds now passing through the United Nations system but to bilaterally funded projects, involving no cash payment for project inputs passing through the United Nations system and where involvement is restricted to management and other services. Activities funded in this way would be additional to those which are normally channelled at the present time through the United Nations system.

17. For the reasons elaborated above, the Administrator believes that UNDP can provide a wide range of specific services which might vary greatly in extent for any given project or programme. In providing these services, UNDP would draw on the expertise of the agencies of the United Nations system on the same basis as it does for UNDP-financed projects and utilizing operational guidelines developed for this purpose in consultation with the agencies. However, the Administrator wishes to emphasize that in most cases UNDP and the agencies would not be engaging in normal programming and executing responsibilities, defined as a process running from project identification to project implementation. Services would be provided using agency expertise wherever appropriate and where the recipient and donor Governments so agreed, covering perhaps just one of the elements in the process, as an ad hoc response to needs expressed by donors and recipients. Such services could include:

- (a) Management, in whole or in part, of projects on behalf of the donors;
- (b) Elaboration of project or programme proposals, including project identification and formulation of project documents;
- (c) Assistance in the provision of inputs to projects, e.g., advice or assistance in recruitment of personnel or procurement of equipment and supplies;
- (d) Logistic support, e.g., customs clearance, dispensary facilities, clerical or transportation assistance and
- (e) Monitoring or supervision of projects.

18. It should be noted that UNDP is de facto already involved in carrying out some aspects of the functions outlined above. The activities of UNSO, for example, include "package" financing arrangements which involve the close

integration of activities financed from large donor contributions together with those financed by funds provided by UNSO. The United Nations Trust Fund for Operational Programmes in Lesotho also provides a long-standing illustration of how UNDP may, under certain circumstances, promote the execution and management of funds provided by a major bilateral donor.

19. The Administrator believes it is essential that UNDP explore fully the wide range of alternative ways mentioned above in which it can contribute to the development effort and that this is of particular relevance at a time when traditional sources of financing are not attaining the levels desired or planned for. Subject to the approval of the Governing Council, therefore, he would intend to enter into any of the various types of arrangements described in paragraph 17 above. It should also be understood that for such arrangements, UNDP would recover from the party concerned any costs UNDP might incur for the services provided, including appropriate compensation to the executing agency, such compensation being arrived at on a case by case basis.
