GOVERNING COUNCIL

Thirtieth session

SUMMARY RECORD OF THE 25th MEETING

Held at Headquarters, New York,
on Thursday, 16 June 1983, at 10.30 a.m.

President: Mr. SLIM (Tunisia)

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The meeting was called to order at 10.55 a.m.

PROGRAMME IMPLEMENTATION (continued)

(b) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT PREVIOUS SESSIONS (continued)

(i) USE OF PROGRAMME RESOURCES FOR EQUIPMENT (DP/1983/12)

(ii) RECRUITMENT OF PROJECT PROFESSIONAL STAFF AND CONSULTANTS (DP/1983/8 and Add.1 and Corr.1)

(iii) PRE-INVESTMENT ACTIVITIES (DP/1983/9)

(iv) UNDP DEVELOPMENT STUDY PROGRAMME

(v) UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES (DP/1983/11 and Corr.1)

1. Mr. CHEN Xingnong (China) said that his delegation appreciated the efforts made by UNDP and the executing agencies with regard to the recruitment and reduction of costs of professional project personnel. It endorsed the Administrator's recommendations, which should help to improve recruitment procedures and reduce the cost of experts. The increase in the number of nationally recruited project personnel would promote the development of human resources in the developing countries and strengthen their self-reliance. His delegation therefore supported the draft decision in paragraph 39 of document DP/1983/8.

2. The services of experts were a major component of UNDP technical co-operation. Measures to improve the quality and reduce the costs of such services were therefore of vital importance to the Programme. The developing countries had already stated their views on that question and hoped that the Administrator would adopt vigorous measures to reduce the cost of internationally-recruited experts and consultants and to ensure that the services of all experts and consultants were of a high quality.

3. As matters stood, unfortunately, the cost of some staff members of specialized agencies assigned to projects was higher than that of outside experts. UNDP should hold consultations with the executing agencies and work out arrangements to ensure that when staff members provided less than one month of project-related services, only international travel expenses and subsistence allowances would be paid from project funds, not salaries and other expenses. The executing agencies, in turn, should seek the professional personnel best suited for the specific project. They should remember that short-term advisers, in order to perform well, had to be given detailed briefing on their tasks and other project-related matters.
4. With regard to outside consultants recruited for less than three months, the specialized agencies should use the same recruitment procedures as for long-term experts. They should submit detailed *curricula vitae* of several candidates to Governments, which should be allowed to make the final choice.

5. The financial statements of the executing agencies often varied considerably and failed to provide sufficient detail. UNDP should work in co-operation with the executing agencies to produce uniform financial statements. Monthly statements should be submitted to the relevant government departments and to project managers.

6. The review and approval of project documents at headquarters sometimes took six months or longer. His delegation would welcome measures to reduce those needless delays and make the entire process less convoluted. Appropriate deadlines could be set on the basis of experience already gained. Such measures could go a long way towards improving the execution and management of projects.

7. Ms. ARCHBOLD (United Kingdom) said that her delegation supported the aim of reducing the cost of professional project personnel and welcomed the Administrator's emphasis on the Governing Council's responsibility for ensuring that programme resources were employed with the maximum possible efficiency. It had to be remembered, however, that the aim was to find the most appropriate and cost-effective means of providing expertise.

8. Her delegation welcomed the recommendation that executing agencies should continue to improve the recruitment process. It welcomed the measures already taken to that end and the proposals for more active involvement of Resident Representatives in the clearance process, with a view to minimizing delays in filling vacancies.

9. As to the measures which could be taken to reduce the cost of international expertise, it was important to keep under close review with agencies the conditions of service, remuneration and benefits. It certainly made sense to look critically at the types and the level of personnel required for projects, and to consider such measures as the greater use of short-term consultants and staff members from headquarters, the maintenance of close co-operation with bilateral and multilateral donors and the use of United Nations Volunteers.

10. Her delegation recognized the need to adapt the modalities of technical co-operation to the changing needs and capabilities of developing countries. It recognized the importance of effective involvement of national staff and institutions in the design and implementation of projects. The ultimate aim was, of course, to reduce dependence on external expertise and resources and to increase the reliance on nationals. The United Kingdom had therefore always attached great importance to counterpart training. It wondered, however, to what extent the increased use of nationally-recruited project personnel financed from the IPFs offered an effective solution to the problem of the high cost of international expertise. While there might certainly be occasions when the obvious candidate for a post was a national, her delegation could foresee that, in many cases, it might
be difficult for him or her to be spared by the regular employer. It was by no means certain that employing locally available expertise, as opposed to importing expertise in fields where national expertise was scarce or undeveloped, was in all cases the best way of using the IPFs, which were, by definition, an external resource. Her delegation would be interested to hear more details regarding the outcome of the two meetings with agencies to discuss the recruitment of national personnel and the amended guidelines. It would be grateful for clarification as to who determined that UNDP use of nationally-recruited personnel did not simply involve transferring the source of funding from the Government concerned to UNDP. Her delegation wished to know whether such personnel were paid in national currency and what arrangements were made for their "reintegration" into their previous working environment.

11. Her delegation applauded the Administrator's efforts to reduce costs. It should not be forgotten, however, that the overriding aim was the cost-effective use of IPFs. Those funds represented a special kind of resource and their impact should be maximized through careful identification of needs and the selection of the most appropriate form of expertise in any given case.

12. Mr. HAMDI (Tunisia) said that his delegation welcomed the Administrator's plan to reduce the cost of experts while maintaining the quality of expertise. The developing countries had highly skilled experts and consultants. Efforts to promote their recruitment for UNDP projects should be supported. In the choice of project personnel, it was important to take into account the views of the Governments of the recipient countries; they should receive the curricula vitae of prospective project staff and be allowed to make the selection. In the case of projects executed by Governments, they should have even greater responsibility for recruitment, with UNDP playing an advisory role. It was for Governments to determine the level of expertise required for specific projects.

13. Immediate action was needed to reduce the long recruitment process, which often caused delays in the execution of projects.

14. Mr. MONDAL (Observer for Bangladesh) said that his delegation welcomed the efforts to reduce the costs of experts and consultants and favoured the increased use of local expertise wherever possible, in view of the high cost of international expertise in relation to that of national expertise and United Nations Volunteers. In general, there should be an opportunity to select experts and consultants from a list of candidates. At the same time, every effort should be made to reduce the long delays in recruitment.

15. The PRESIDENT said that the Governing Council had already decided that its Working Group should prepare and finalize draft decisions on all items referred to it (DP/1983/L.7, para. 6). He proposed that the Working Group should be transformed into a drafting group, to which the Council would refer proposals on a case-by-case basis.

16. It was so decided.
17. The PRESIDENT said that if he heard no objections, he would take it that the Council agreed to refer the question of the recruitment of professional project staff and consultants to the Drafting Group and to request it to prepare a draft decision for submission to the Council.

18. It was so decided.

19. Mr. WIESEBACH (Assistant Administrator and Director, Bureau for Programme Policy and Evaluation) referred the Governing Council to the report of the Administrator on the use of programme resources for equipment (DP/1983/12). In paragraph 2 of decision 82/4 B the Governing Council had requested the Administrator to report to it on action taken in line with paragraphs 26 and 27 of document DP/1982/3. The action taken involved the issue, in consultation with the agencies, of instructions on the use of programme resources for equipment, including the criteria and procedures to be applied, and instructions for reporting. Within a few days the Administration would be transmitting the new instructions to the field offices and the executing agencies.

20. In paragraph 4 of the Administrator's report, reference was made to the steps taken within UNDP to create a review and appraisal mechanism for the proposed use of programme resources for equipment. For projects in which the equipment component raised particular policy issues and for all projects in which that component would account for $200,000 or more, the executing agencies would be required to prepare specific documents for the project appraisal process and to justify the need for the equipment in question. When the total cost of a project was not less than $400,000 and 50 per cent or more of the expenditure would go towards equipment, there would have to be special consultations between the regional bureaux and headquarters in order to ensure overall consistency in the equipment policy. The threshold figure of $200,000 had been adopted with a view to preventing any addition to the work-load: only 69 of the projects approved in 1982 would have required special consultations between the regional bureaux and headquarters under the new instructions. Asia and the Pacific had the largest number of such projects (37), followed by Latin America, the Arab States, Europe and Africa. The fact that Africa had only four such projects suggested that it might be necessary to raise the level of sophistication of projects in the region.

21. A number of suggestions made by the Council regarding reporting on equipment-intensive projects had been incorporated in the new instructions. It should be noted that the rule stated in paragraph 7 (a) of document DP/1983/12 would apply when the equipment component exceeded $1 million; the reduction of the figure from $2 million to $1 million would make it easier for the Council to get a broad picture of the use of programme resources for equipment.

22. At the previous session it had been agreed that there should be no rigid formula for the proportion of equipment which could be provided under the IPF. The Administrator wished to assure the Council, particularly the Indian delegation, that the new instructions reasserted the principle that, as long as projects met the relevant criteria, the equipment component would be viewed as an integral part of the project. The Administrator believed, however, that UNDP resources should

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not be used for commercial or capital investment activities, for balance-of-payments support or for the supply of equipment that was not related to technical co-operation activities.

23. The new instructions reflected the Council's concern that the action taken by the Administrator should not lead to the establishment of new institutional bodies or further delays in the project approval process. No such bodies would be needed; the approval process should be expedited, because adherence to the instructions would eliminate one major cause of delay.

24. The new instructions were in compliance with the request made by the Governing Council in decision 82/4 B. They would provide those involved in the appraisal and approval of projects with practical guidelines to ensure that UNDP's contribution was consistent with the purposes of technical co-operation. Further instructions of importance to other equipment-related matters would be issued shortly.

25. Mr. LAWTON (World Health Organization) said that UNDP was engaged in a productive dialogue with the specialized agencies. Its criteria were compatible with WHO's procedures, and the new instructions contained clear and extremely helpful guidelines. WHO questioned, however, whether land and premises should be included in the category of equipment and supplies.

26. WHO's supply services were responsible for procuring equipment, but only after such procurement had been approved and only when the equipment was considered essential to successful project execution. The supply services usually requested assurances that adequate installation and maintenance facilities would be available when the equipment reached its destination.

27. In the case of sophisticated laboratory instruments, WHO often submitted questionnaires to project managers with a view to, inter alia, assessing the technical suitability of the instruments and comparing costs. Questionnaires were also helpful to WHO in making the right purchasing decisions and to manufacturers in identifying the right models of equipment.

28. Requests for micro-computers were becoming increasingly frequent. When such a request was received, a feasibility study was carried out at WHO headquarters. If the request was approved, the headquarters offices could make suggestions regarding the type of micro-computer best suited to the project in question.

29. Mr. HARE (Canada) said that it was gratifying to hear from the representative of the World Health Organization that the criteria on the use of UNDP programme resources for equipment were useful and compatible. His Government had traditionally been in favour of minimizing equipment purchases by UNDP in order to maximize the use of funds for technical assistance. The supply of some technical equipment would always be a legitimate component in the execution of technical co-operation programmes, and the Administrator had made an energetic and appropriate response to the concern of the Council for proper balance within programmes. He requested further information on the nature of the review and appraisal mechanism referred to in paragraph 4 of document DP/1983/12 and the criteria to be applied in project design, referred to in paragraph 5.
30. **Mrs. BALLESTER** (Observer for Cuba) said that her delegation shared the view that the use of equipment should be consistent with the philosophy of UNDP in general. Nevertheless, to set a fixed percentage figure for equipment was not advisable, because developing countries were being asked to rely more on their own national capacities and, consequently, to reduce the expertise component of their co-operation programmes. It was only logical, therefore, that the percentage allocated to equipment should rise.

31. The creation of a review and appraisal mechanism was a useful idea and was fully in keeping with the philosophy of UNDP.

32. **Mr. HAMDI** (Tunisia) said that steps should be taken to promote the purchase of equipment in host countries when such equipment was available locally. There were a number of examples where material and equipment, which could have been purchased locally had been provided from outside sources. Furthermore, clear instructions should be provided for maintaining sophisticated equipment and supplying spare parts.

33. He asked whether equipment supplied by UNDP became the property of the host Government after the project was completed. He also wished to know whether a fixed percentage was used to determine the input of equipment when a project was managed by national personnel and not financed by UNDP funds.

34. **Mr. WANG Jinren** (China), referring to paragraph 4 of document DP/1983/12, asked whether there would be any overlapping between the functions of the review and appraisal mechanism and the proposed central evaluation unit. With regard to paragraph 7 (b) of the report, he requested further information on the provisions which were to be made to examine project operations with important equipment components during a 10-year period following project completion or during the estimated life of the equipment.

35. **Mr. MONDAL** (Observer for Bangladesh) requested further information on the cost of procuring equipment financed by UNDP.

36. **Mr. WIESEBACH** (Assistant Administrator and Director, Bureau for Programme Policy and Evaluation) said that there were clear rules within the United Nations system regarding the procurement costs of equipment. The executing agencies were responsible for procuring equipment. In accordance with the rules on international bidding, those agencies purchased equipment from the suppliers who provided the best equipment at the most reasonable price. If such equipment could be found in developing countries, it should be purchased there. In order to facilitate the procurement of equipment and reduce the costs involved, a joint procurement office had been set up in Geneva and was attempting to standardize the types of equipment procured.

37. When a project was completed the equipment remained in the host country if it was needed. The executing agencies were expected to provide, in the agency terminal reports, specific advice on the maintenance of equipment and the supply of spare parts; the terminal reports were very helpful to government agencies which
took over continuing projects. In reply to the representative of China's question on the proposed monitoring of certain project operations for a 10-year period following project completion, he pointed out that at the twenty-ninth session a number of delegations had suggested that in the case of equipment-intensive projects it would be useful to determine after a number of years whether the equipment input in such projects had been justified and whether the equipment was being properly maintained. In view of the limited resources of the proposed central evaluation unit and the regional bureaux, it would be necessary to select certain equipment-intensive projects, determine whether any problems had arisen in the use of the equipment, and advise Governments and executing agencies on how to design and manage such projects in future.

38. The review and appraisal mechanism referred to in paragraph 4 of the report would not be linked in any way to the proposed central evaluation unit. The review and appraisal of new projects was the responsibility of field offices and, in certain cases, of the regional bureaux and the Bureau for Programme Policy and Evaluation, whereas the central evaluation unit would examine existing or completed projects. The review and appraisal mechanism for equipment-intensive projects would not be very different from the normal review and appraisal mechanism. Its general purpose would be to ensure that the regional bureaux and field offices paid special attention to projects in which the cost of equipment exceeded $200,000 or 50 per cent of total cost. The regional bureau, in consultation with his Bureau, would thus be able to determine whether such equipment inputs were justified. In the event of disagreement between the regional bureau and the headquarters policy authorities, an internal working group would be set up to examine the project in detail and make a recommendation to the Administrator.

39. He agreed with the statement of the representative of Cuba that if the cost of project personnel was reduced because of increased national recruitment, the share of the equipment component would, in the long run, increase provided there was no change in the unit cost of equipment. If equipment could be procured cheaper in developing countries that tendency might be offset. If, however, the traditional procurement channels for equipment remained the same, the share of equipment would continue to creep upwards.

40. Mr. Albornoz (Ecuador) said that the equipment component of UNDP projects should in no case be used to offset budgetary constraints in a country. It should be used within each project to achieve specific goals. It might be necessary at some future date to revert to imposing a percentage limit on the equipment component of projects in cases in which the cost of equipment could be covered through cost-sharing or bilateral inputs. In any event, the existing procurement procedure should be thoroughly reviewed. It might be possible to make considerable savings in procurement and transport costs if equipment was purchased in developing countries; that would have the additional advantage of stimulating the production and marketing of such equipment in developing countries.

41. He asked whether the rule that equipment provided by UNDP should be clearly marked as such was being enforced.
42. Mr. FERNANDEZ (Philippines) said that there were certain UNDP projects which required a considerable amount of sophisticated equipment, such as projects designed to strengthen training and research capacities. He was gratified to note the efforts of the Administrator to monitor expenditure on the procurement of equipment.

43. Mr. WIESEBACH (Assistant Administrator and Director, Bureau for Programme Policy and Evaluation) said that he agreed with the representative of Ecuador that cost sharing might become an additional factor in the procurement of equipment for projects. Cost sharing might lead to a larger equipment component because Governments might insist on equipment which could not be financed through the IPF. He stressed that there was no fixed percentage which was considered the ideal equipment share.

44. The PRESIDENT invited the Council to take note of the report of the Administrator on the use of programme resources for equipment (DP/1983/12).

45. It was so decided.

46. Mr. D'ORVILLE (Assistant Secretary of the Council) said that, in a letter dated 10 June 1983 addressed to the President, the Chairman of the Budgetary and Finance Committee stated that the Committee had considered the report on pre-investment activities (DP/1983/9) and had noted that an amount of $320,000 had been included in the biennial budget estimates for 1984-1985 to cover the cost of the proposed seminar programmes.

47. Mr. WIESEBACH (Assistant Administrator and Director, Bureau for Programme Policy and Evaluation) said that document DP/1983/9 contained an evaluation of the special training which had been provided for Resident Representatives and Deputy Resident Representatives in investment development. The training, which had been conducted in collaboration with the World Bank, had enhanced the skills of UNDP personnel in the area of pre-investment.

48. Five two-week seminars had been held to date, with a sixth scheduled for December 1983. While it would be useful to evaluate the first series of seminars before taking a decision with respect to continuing the programme, the seminars had apparently been a success, and plans were being made with the Asian Development Bank to organize a similar scheme in Asia. Evaluation data for the first four seminars had been obtained from participants by means of questionnaires, with the data showing an increasingly positive response from participants with regard to the usefulness of the seminars. The Investment Development Office of his Bureau would monitor the application of skills acquired during the seminars and the pre-investment work done in country programmes, while the Training Section of the Division of Personnel monitored actual training activities. Since 1981, training costs had been met from the administrative budget, but within approved amounts, and it was assumed that any future costs would continue to be met on that basis.
49. Mr. Albornoz (Ecuador) said that it was important to stress the relationship between training and investment, and that between multilateral projects and bilateral inputs, which were highly useful with regard to investment and development. Pre-investment activities generally culminated in investment operations requiring contact with world and regional banks. He was therefore pleased by the Administrator's efforts to involve both the World Bank and regional development banks in UNDP activities. It might soon be possible to speak of project engineering, which would enhance investment promotion, a problem faced by many developing countries in their development efforts.

50. Mr. Christiansen (Denmark) noted that the decline in the percentage of pre-investment projects in country programmes had been halted and the relationship between pre-investment and investment had been strengthened. However, he was not certain that the strengthening of that relationship meant that more pre-investment projects had been successful, in the sense of paving the way for investment.

51. Mr. Riley (World Bank) said that his organization had tried to evaluate each seminar with a view to shaping succeeding courses. While the seminars had had similar direction and focus, the detailed course content differed for each one. That procedure would be continued for the sixth seminar. If the Governing Council wished to continue the seminar programme, the World Bank hoped to co-operate in that effort.

52. Mr. Morse (Administrator), in answer to the comment made by the representative of Denmark, said that fairly substantial evidence of practical results was provided by the fact that from 1959 to 1980, the average annual investment resulting from Programme activities was approximately $2,070,000, while in 1981 alone the amount of investment reached $5,301,000.


54. It was so decided.

55. Mr. Kirdar (Director, Division of External Relations) provided a progress report on the implementation of the UNDP development study programme. Programme activities since the previous session had been most encouraging. During the year several delegations had acknowledged the programme's potential role in constituency-building, exploring innovations in technical co-operation and shaping the image of UNDP.

56. Among the activities organized during the year had been a lecture, in November 1982, by the former Executive Secretary of the Economic Commission for Europe, Mr. Janez Stanovnik, on the future of multilateral co-operation. Also during November 1982, the development study programme had assisted the Parliamentarians for World Order in the organization of a seminar aimed at familiarizing members of that group with United Nations development and co-operation activities. In February 1983 Mr. Silvio O. Conte, a member of the United States Congress, had given a lecture entitled "Development - a Congressional Perspective". Finally, two discussion meetings had been organized during the year on, respectively, development at the grass-roots level and the relationship between the building of human resources and capital investment in the development process.

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57. The response from several Governments to the Administrator's appeal for separate pledges for development study programme activities had been gratifying. During 1982 contributions had been made by the Governments of Turkey, the Netherlands, Romania and Tunisia, and the Government of Austria had announced that it planned to make a contribution to the programme. A number of Governments had invited the programme to hold seminars in their countries, and the Government of the Federal Republic of Germany, through the German Foundation for International Development, had offered to defray the costs of a seminar to be organized jointly by the Foundation and the development study programme.

58. A seminar on world financial, monetary, and human resources development problems was to be held at Istanbul from 29 August to 1 September 1983, under the joint sponsorship of the programme and the North-South Round Table. The seminar to be sponsored in collaboration with the German Foundation for International Development would be held from 6 to 9 September 1983 and would discuss the building of human resources in the development process. In October 1983 a seminar entitled "Partnership in Development Dialogue" would be held at Pittsburgh, Pennsylvania, under the auspices of the programme and the United Nations Association of Pittsburgh. Seminars were planned for 1984 in Austria and Romania. Lectures would continue to be organized at Headquarters, focusing on critical issues facing the international development community. It was gratifying to note that, in accordance with a suggestion made by the Governing Council during its twenty-ninth session, development study programme activities would soon be taking place in member States as well as at Headquarters so that the programme might reach groups other than those normally present at Headquarters.

59. He urged Council members to continue their support of the programme, both through their personal participation and by encouraging their Governments to make a contribution to the programme at the 1983 Pledging Conference.

60. The PRESIDENT invited the Council to take note of the oral report of the Director of the Division of External Relations.

61. It was so decided.

PROGRAMME PLANNING: THE THIRD PROGRAMMING CYCLE, 1982-1986 (continued)

(b) COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS (continued)

(iv) CONSIDERATION AND APPROVAL OF COUNTRY PROGRAMMES (INCLUDING REQUESTS FOR EXTENSIONS (continued)

62. Mr. GÖKCE (Turkey), speaking in exercise of the right of reply, said that, while the Observer for Cyprus had on three occasions expressed his views on the question of Cyprus, he had yet to address the question of the second country programme for Cyprus. Furthermore, while the Observer for Cyprus had claimed to be speaking in exercise of his right of reply, under rule 46 of the rules of procedure of the Economic and Social Council, which were applicable in such cases, that right
was given to members and thus not, as he understood it, to observers. Consequently, the Observer for Cyprus was thus abusing the courtesy accorded him by the President and capitalizing on the possible ignorance of some Council members with regard to the situation in Cyprus.

63. The second country programme for Cyprus contained requests for UNDP assistance from the so-called Government of Cyprus. However, the project document made no mention of projects that would benefit the Turkish Cypriot community. For that reason, his delegation had asked the UNDP authorities how they intended to deal with that situation, and the Deputy Administrator had assured him that Programme assistance would be used equitably. When the matter had come up during the twenty-ninth session of the Governing Council, the Observer for Cyprus had also given such assurances; however, no such assurances had been forthcoming at the current session. He therefore proposed that paragraph 1 (d) of the draft omnibus decision on country programmes currently before the Governing Council should be considered in conjunction with the statement by the Deputy Administrator, together with whatever confirmation might be forthcoming from the Observer for Cyprus that UNDP assistance to Cyprus would be used equitably by both the Greek Cypriot and Turkish Cypriot communities. He also wished to have the two statements included in the Council's report.

The meeting rose at 1.10 p.m.