As part of the preparations for the fourth programming cycle, the Administrator has proposed an increase in the share allocated for the Special Programme Resources (formerly Programme Reserve). This paper traces the background to the programme and provides clarifications and justifications for the proposed increase. In particular, it highlights needs for a UNDP research and development programme, for ex post project evaluation and for financing of specific activities to assist Governments in their co-ordination of external aid.
I. BACKGROUND

1. The origin of the programme called Special Programme Resources (SPR) (previously Programme Reserve) goes back to paragraph 27 of the annex to General Assembly resolution 2688 (XXV) entitled "The capacity of the United Nations development system," also known as the Consensus resolution. This paragraph states in part:

"It will be necessary to make provision to meet unforeseen needs, to meet special needs of the least developed of the developing countries, and to finance unanticipated projects or phases of projects, particularly projects of the Special Industrial Services type, which could have a catalytic role in the economic development of the country concerned."

2. The Governing Council at its 263rd and 265th meetings in January 1972 decided that;

"... as a first charge to resources after providing for the estimated costs of the administrative and programme support services and agency overhead, a Programme Reserve will be established annually as from 1 January 1972 at a figure of $9 million to meet the requirements mentioned in paragraph 27 of the Consensus, i.e., the need to ensure an adequate level in the activities of the Special Industrial Services programme, the needs of least developed countries and unforeseen needs ..." 1/

3. For the second programming cycle, 1977-1981, the Council, at its twentieth session in June 1975, decided that for the 1977-1981 period the Programme Reserve should be used:

(a) For financing emergency assistance in cases of natural disasters and to assist in the rehabilitation and reconstruction of stricken areas;

(b) For the financing of contingencies, including special activities and studies designed to broaden the scope of the Programme, such as assistance for humanitarian purposes to national liberation movements recognized by Organization of African Unity (OAU) and promotional activities for technical co-operation among developing countries, if resources were not available elsewhere, and to evaluate current activities.2/

At its twenty-second session, the Council approved an allocation, for forward planning purposes, of $39.5 million for the Programme Reserve for 1977-1981.3/
4. For the third programming cycle, 1982-1986, the Council, by its decision 80/48, authorized the use of the Programme Reserve for the following purposes:

(a) Financing emergency assistance in cases of natural disaster and to assist in the rehabilitation and reconstruction of stricken areas, in accordance with Governing Council decision 80/31;

(b) Financing activities related to programme development;

(c) Financing of contingencies;

(d) Financing promotional activities of technical co-operation among developing countries.

5. For the purposes outlined above, the Council approved an allocation of $103 million (decision 80/30, para. 1(b)) which was subsequently conditionally reduced by $19.6 million (decision 80/30, para. 3) to leave $83.4 million for 1982-1986. Owing to the shortfall in the mobilization of resources for the third cycle, the allocation for SPR was reduced to $45.9 million, or 55 per cent of the $83.4 million.

6. With three of the five years of the third cycle completed, approximately half, or $23.4 million, of the $45.9 million available had been allocated for specific purposes under SPR (see the annex to the report). Of this amount, $8.6 million had been allocated for rehabilitation and reconstruction in response to natural disasters, $1.4 million for emergency relief in connection with natural disasters, $1.8 million for various programme development projects and $2 million for promotional activities for technical co-operation among developing countries and $9.5 million for other contingencies.

II. SPECIAL PROGRAMME RESOURCES 1987-1991

7. For the fourth programming cycle, the Administrator has proposed an increased share of total resources for SPR to 2 per cent from the current level for the third cycle of 1.24 per cent. Under the 6 per cent annual growth alternative this would, translate into $87 million and under the 14 per cent alternative into $109 million. While one main justification for this increase is the growing need for rehabilitation and reconstruction in response to natural disasters, SPR would equally provide funds for assisting Governments in the least developed countries in their efforts to co-ordinate more effectively the flow of external aid and to finance a proper research and development programme for UNDP. These needs are further elaborated on below.

8. The need for a source to finance emergency assistance and assistance in the rehabilitation and reconstruction of areas stricken by natural disasters outside the resources available to the office of the United Nations Disaster Relief Co-ordinator (UNDRO) and other relief organizations has been well proven during the past 13 years. With increasing levels of investment in technical infrastructure, the tendency is clearly towards increasing levels of
damages and increasing costs for rehabilitation after natural disasters. UNDP funds allocated for this purpose have never constituted more than a small fraction of the total costs for rehabilitation but have often had catalytic importance for co-ordinating longer-term rehabilitation efforts. The needs should therefore be related to this purpose rather than to the absolute magnitudes of destruction. For the fourth cycle, it is anticipated that, among other things, calamitous droughts and other natural disasters affecting many areas around the world will pose additional demands for non-IPF funds to co-ordinate and manage the rehabilitation efforts. The need for SPR funds under this category can therefore be expected to increase. The Administrator would estimate $20 million as a minimum to respond to expected natural disasters during the fourth cycle.

9. With regard to the financing of contingencies, the Council may wish to consider implementing the original level of funding for the second half of the Transport and Communications Decade in Africa, or $5 million, and extending the special programme of assistance to the Palestinian people (see document DP/1985/18). Equally, the Council may consider continuing of the programme for special pre-investment and feasibility studies as well as for meeting additional requirements. It can therefore be estimated that a minimum of $15 to $20 million would be needed for these purposes.

10. While it can be increasingly expected that technical co-operation among developing countries is becoming an increasingly integral part of IPF financed programmes, there will continue to be a need to finance some promotional activities and certain operational activities over the fourth cycle because of the limited amounts available within country IPFs. Pending further elaboration of such needs, an amount of $5 million could be approximated for this purpose.

11. The allocation for programme development, which the Administrator had restricted to a minimum during the third cycle because of the shortfall in general resources, will have to be greatly expanded in the fourth cycle in response to the need to focus on the quality aspects of the Programme. This allocation is what comes closest to funds for research and development in most other organizations. The Administrator will propose under this item the introduction of a longer-term research programme focusing on the special problems affecting in particular the least developed countries on their way towards social and economic development. It is the intention of the Administrator to convene a panel of well known experts to formulate and guide such a research programme, whose purpose is to create a body of knowledge to support programming and upgrade the expertise of the UNDP staff in the field. The programme would rely mainly on outside independent academic institutions which would be commissioned to study various aspects of development. It is envisaged that the studies will also form the background both for a series of seminars on development issues and for the policy segments of the Governing Council's meetings.

12. While such a research programme would partly consist of commissioned studies in accordance with a longer-term programme, it would also invite applications for financing independent studies.
13. The research programme would largely take the approach of action-cum-research by intertwining research into country programmes with distinctively different development approaches. It would also strengthen the capacity of UNDP to hold technical dialogues with the specialized agencies and resolve common and persistent technical problems encountered in implementing the programme, with a view to identifying innovative approaches and solutions to them.

14. The Administrator will return at a later session with a more detailed proposal for a research and development programme after undertaking more thorough investigations into the best choice of modalities for such a programme. In this paper the Administrator's intention is mainly to highlight for the Council the critical need for a programme of this nature and the benefits that can be derived therefrom.

A. Ex post project evaluation

15. The Administrator would also like to underscore in this context the need for funds to finance selective ex post evaluation of projects after closing of project accounts. In other words, there is currently no source of financing available to the Administrator for evaluating the effects of a project 3, 5 or 10 years after project completion. The Administrator would therefore suggest that this purpose be included among those for which the SPR can be used.

B. Aid co-ordination

16. Apart from the use of the staff in the UNDP field offices and certain backstopping staff at UNDP and agency headquarters, UNDP does not have any longer-term source of financing for assisting Governments in their co-ordination of external aid with their national development plans. So far, modest financing for assistance to the round-table meetings held by least developed countries within the Substantial New Programme of Action for the 1980s has been financed from the country IPFs and from the Special Measures Fund for the Least Developed Countries. With reduced contributions to that fund and increasing demands upon the country IPFs, there exists an urgent need for financing the activities of further round-table meetings and also for expanding this facility to include other than least developed country Governments who wish to avail themselves of this facility. The Administrator is therefore proposing that this particular purpose should be included among those for which SPR funds can be used, the intention being that the funds are primarily to be used to finance sectoral and other studies in the preparations for the round-table meetings and evaluation studies in the follow-up to these meetings. These needs are further elaborated in document DP/1985/11 on the mid-term review of the Substantial New Programme of Action.
III. RECOMMENDATIONS

17. In summary therefore, the Administrator recommends that the purposes for which the Special Programme Resources for the fourth programming cycle can be used should be expanded to cover the following:

(a) Assistance for emergency relief and medium-term rehabilitation and reconstruction of areas stricken by natural disasters;

(b) Financing contingencies, including promotional and certain operational activities of technical co-operation among developing countries, subject to specific amounts to be authorized by the Governing Council;

(c) Financing of a longer-term programme of research and development in the area of economic and social development and change, subject to the approval by the Governing Council of such a programme;

(d) Financing assistance for aid co-ordination activities, especially for round-table meetings,

(e) Financing ex post evaluation of projects.

Notes

1/ See document E/4954, paragraph 71, section II(e).

2/ See document E/5703/Rev.1, paragraph 314,(i).


Annex

STATUS OF SPECIAL PROGRAMME RESOURCES
AS AT END FEBRUARY 1985

(Thousands of United States dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Earmarking</th>
<th>Allocated</th>
<th>Budgeted 1982-1983</th>
<th>Expenditures Non-allocated balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Carry-forward from second cycle Programme Reserve</td>
<td>8 745</td>
<td>8 745</td>
<td>8 393</td>
<td>5 883</td>
</tr>
<tr>
<td>II. Third cycle Special Programme Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Disaster rehabilitation and reconstruction</td>
<td>19 600</td>
<td>8 600</td>
<td>3 180</td>
<td>1 065</td>
</tr>
<tr>
<td>B. Disaster relief, emergency</td>
<td>1 900</td>
<td>1 442</td>
<td>1 162</td>
<td>737</td>
</tr>
<tr>
<td>C. Programme development</td>
<td>4 000</td>
<td>1 810</td>
<td>1 266</td>
<td>496</td>
</tr>
<tr>
<td>D. Technical co-operation among developing countries (TCDC) and contingencies</td>
<td>20 400</td>
<td>11 500</td>
<td>7 860</td>
<td>1 749</td>
</tr>
<tr>
<td>1. Transport and Communications Decade in Africa</td>
<td>3 000</td>
<td>1 959</td>
<td>1 129</td>
<td></td>
</tr>
<tr>
<td>2. Assistance to the Palestinian people</td>
<td>4 000</td>
<td>3 716</td>
<td>467</td>
<td></td>
</tr>
<tr>
<td>3. Pre-investment facility</td>
<td>1 000</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>4. United Nations volunteers in Africa</td>
<td>1 500</td>
<td>1 500</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5. TCDC</td>
<td>2 000</td>
<td>685</td>
<td>153</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>54 645</td>
<td>32 097</td>
<td>21 861</td>
<td>9 930</td>
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