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S U P P O R T

OTHER FUNDS AND PROGRAMMES

UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED
DEVELOPING COUNTRIES

Report of the Administrator

Summary

The report is divided into two parts.

The first reports on the biennium 1983-1984 in accordance with decision 81/3 of the Governing Council. Pledges to the Fund continued to decline while the rate of project commitments and expenditures accelerated compared with previous years.

The second reviews the experience of the Fund since its inception with particular regard to the very low level of contributions pledged. With the exception of a single pledge made in 1978 which accounts for one third of all resources ever made available to the Fund, the majority of contributions received have come from land-locked developing countries themselves. Most countries have chosen not to contribute to the Fund.

With the prospect of a substantial reduction in interest earnings as commitments are realized, and given the present level of donor support and attitudes, the Administrator concludes that the Fund will cease to be viable during the bienium 1985-1986.

Introduction

1. In its decision 81/3 on the United Nations Special Fund for Land-locked Developing Countries^{1/}, the Governing Council, inter alia, requested the Administrator to report henceforth on the activities of the Fund on a biennial basis. This report is in conformity with that request, covering the biennium 1983-1984.

2. The first biennial report by the Administrator covering the years 1981 and 1982^{2/} concluded that, in the absence of a substantial increase in the number of contributors and a consequent reduction in the burden borne by the land-locked developing countries themselves, the continuation of the Fund must be called into question. Reacting to this report, the Governing Council in its decision 83/28,^{3/} requested the Administrator to submit to the Governing Council at its thirty-second session a report on the resources of the Fund and its activities since its inception and on the various reasons for the very low level of resources since its inception and to make pertinent suggestions.

3. The present report is therefore in two parts. The first part deals with the biennium 1983-1984, while the second part responds to the request of the Governing Council in its decision 83/28 and reviews the history of the Fund since its inception.

I. THE BIENNIUM 1983-1984

A. Income

4. In his report on the biennium 1981-1982, the Administrator referred to the steady decline in contributions pledged to the Fund since 1979, the pledges for 1982 having amounted to \$68,076. This trend continued during the next biennium: pledges for 1983 and 1984 amounted to \$88,004 and \$55,369, respectively. As at March 1985, pledges for 1985 totalled \$37,692. While it is noted that most of the decline in pledges results from the strength of the United States dollar as compared with the pledged currencies, neither the number of countries pledging nor the amounts pledged in national currencies has increased. In short, the contributions to this Fund appear to be stable at the low level of around \$50,000 per year.

5. Against combined pledges for 1983 and 1984 of \$143,373, receipts during those years, including some relating to prior years, amounted to \$168,365. Interest earnings during the years 1983 and 1984 on undisbursed balances totalled \$153,931.

Table 1. Total income and expenditure

<u>Year</u>	<u>Pledges</u> \$	<u>Voluntary contributions received</u> \$	<u>Interest & misc. income</u> \$	<u>Total income</u> \$	<u>Cumulative budget</u> \$	<u>Expenditure</u> \$
1977	-	15 000	-	15 000		-
1978	691 713	584 275	-	585 275		
1979	81 396	73 070	51 665	124 780		39 000
1980	84 238	115 505	83 737	199 197		176 457
1981	70 570	39 570	124 893	124 780		47 260
1982	68 076	48 682	161 798	210 480		49 033
1983	88 004	51 627	90 469	142 096		192 691
1984	55 369	116 738	81 023	197 761		198 346 ^{a/}
1985 ^{a/}	37 692				1 307 530	
Total	<u>1 173 191</u>	<u>1 049 467</u>	<u>593 585</u>	<u>1 638 052</u>	<u>1 307 530</u>	<u>702 787</u>

^{a/} Provisional as at March 1985.

B. Programming

6. Six new projects were approved during the biennium amounting to \$548 335 including support costs:

- (a) Central African Republic: Institutional Support for Transit Transport;
- (b) Lesotho: Assistance to Civil Engineers for Airport;
- (c) Mongolia: Improvement of Processing Export Packaging and Transportation of Horse Hair;
- (d) Regional Africa: Assistance in Transit Transport for the Land-locked Subregion of East Central Africa (Burundi, Rwanda, Uganda and the Kivu Region of Eastern Zaire);
- (e) Regional Africa: Additional Assistance in Transit Transport for the Land-locked Southern Africa Subregion;
- (f) Uganda: Emergency Maintenance for Specified Sections of the Through-Traffic Route in Kampala.

Fund contributions to each project as well as execution arrangements are shown in the annex to this report.

7. Of the 21 projects approved from the Fund by end-1984, the United Nations Conference on Trade and Development (UNCTAD) was designated as executing agency for nine, the International Civil Aviation Organization (ICAO) for four, the United Nations Department for Technical Co-operation for Development (UNDTCD) for three and five were designated for government execution.

8. From the inception of the Fund in 1977 to the end of 1984, a total of \$1,535,601 had been allocated for programming based on available resources. Against this amount \$1,307,530 had been programmed, leaving an unprogrammed balance of \$228,071.

9. It has been mentioned in previous reports and bears repeating that project identification and formulation for this Fund is rendered difficult by the relatively small amounts available to each country. As they become available, resources are periodically allocated to each of the three regions concerned (Africa, Asia, and Latin America) in the same proportion as the share of the IPFs of the land-locked developing countries in that region in the total IPFs of all 21 land-locked developing countries. In view of the low level of resources available, the distribution of resources to individual land-locked countries is determined by the UNDP regional bureau concerned on the basis of requests received, it being understood that the emerging pattern of resource allocation over time is equitable. Notwithstanding the problem of programming small sums, by the end of 1984 the bulk of all resources available to the Fund had been committed or were expected to be committed shortly.

C. Expenditure

10. Cumulative expenditures for the eight years from the Fund's existence totalled \$702,787 of which expenditure reported by executing agencies or by Governments totalled \$192,691 and \$198,346 for each of the two years 1983 and 1984, respectively. This represented a considerable acceleration in the rate of expenditures compared with the previous biennium which may be attributed, at least in part, to a concerted effort by UNDP and the executing agents to implement projects more expeditiously. It is expected that this enhanced rate of implementation will be sustained during the biennium 1985-1986

D. Completed projects

11. The following projects completed operations during the reporting period:

- | | |
|---|--|
| (a) <u>Lao People's
Democratic
Republic</u> | <u>Strengthening of Transit Vehicle Maintenance
Facilities</u>
<u>Results achieved:</u> Equipment and tools were supplied to the State workshop and effectively used for the repair and maintenance of the transit fleet of 108 trucks of the Ministry of Commerce; |
|---|--|

- (b) Mali Special Adviser in Trade Planning
Results achieved: The project recommended harmonization of commercial statistics and pricing policies which in turn led to the approval of an ongoing large-scale UNDP/UNCTAD International Centre project for development of commerce and international trades including transit transport;
- (c) Rwanda Air Freight Handling
Results achieved: The project provided one tractor with 20 palette carts to facilitate freight handling at Kigali airport. The Air Rwanda authorities have confirmed that provision of this equipment has resulted in substantial improvement in operations.

12. As of 31 December 1984, 13 (including the three in the preceding paragraph) of the 21 projects approved from the Fund had been operationally completed and the results achieved conveyed to the Governing Council.

II. REVIEW OF THE EXPERIENCE OF THE SPECIAL FUND SINCE ITS INCEPTION

A. Attitudes to the Fund

13. The United Nations Special Fund for Land-locked Developing Countries was established by the General Assembly in its resolution 31/177. This resolution was adopted on 21 December 1976, with 115 votes recorded in favour, none against and 19 abstentions. The list of abstaining countries is significant as it contains virtually all the major donors to the development activities of the United Nations.

14. The major donor countries gave as their reason for the abstention their position that, while recognizing the particular problems of land-locked developing countries, they did not subscribe to their categorization as a special group nor, consequently, to the need for specific funding for that group. This position has been maintained and confirmed on several occasions, most recently in 1984.

15. At its thirty-ninth session, the General Assembly had before it, under agenda item 80(c), a note by the Secretary-General (A/39/462 and Add.1) entitled "Progress in the implementation of specific action related to the particular needs and problems of the land-locked developing countries." Although not concerned explicitly with the Special Fund, the Secretary-General's note contains information received from 21 individual countries on their policies and actions with regard to land-locked developing countries. Nine of the 21 countries providing information for the note had abstained in the vote on General Assembly resolution 31/177. The note

concludes, inter alia, that: "the main observation has again been that several major donors who have provided assistance to these countries still do not have particular development assistance policies in favour of these countries." Some of the individual countries state explicitly that they do not favour the proliferation of special categories of developing countries demanding special and preferential treatment in international development co-operation.

16. For the purpose of preparing this report, the Administrator sent a note verbale dated 2 November 1984 to all countries members of UNDP and six non-member countries requesting information on the policies of the Governments of these countries towards contributions to the Special Fund. Only five replies were received, all from major donors which had abstained in the vote on General Assembly resolution 31/177. All five stated their opposition to special categories of developing countries based on geographic handicaps and their preference for channelling multilateral funds to developing land-locked countries through the general resources of UNDP.

17. It may be stated therefore that the traditional major donors to United Nations development activities do not, as a matter of principle, contribute to the United Nations Special Fund for Land-locked Developing Countries since they are opposed to this categorization of countries. They prefer to assist the countries concerned on an individual basis both through their bilateral programmes and through other multilateral programmes which also benefit individual land-locked developing countries among others.

18. Of the 115 countries which voted for General Assembly resolution 31/177, 27 have made contributions to the Fund since its inception and 14 of those were themselves land-locked developing countries. In addition, a contribution has been made by one further land-locked developing country which was not a member of the United Nations when the resolution was adopted. It is not known why the other 88 countries which voted for resolution 31/177 have not contributed to the Fund. None of these countries replied to the Administrator's note verbale. It can only be assumed that the Fund does not enjoy a high priority in the allocation of the resources contributed by these countries to the development activities of the United Nations.

19. As mentioned in the previous biennial report and alluded to earlier in this report, the bulk of the funds contributed to the Fund come from the land-locked developing countries themselves. Table 2 presents pledges made since the establishment of the Fund. From this it is clear that the Fund is largely supported, albeit at a very modest level, by the beneficiaries themselves. Moreover, one or two of those land-locked developing country contributors account for half of the total pledges.

**Table 2 Contributions pledged to the Special Fund
for Land-locked Developing Countries 1977-1985
(US dollars)**

<u>A. All contributions</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Country</u>								
Afghanistan*	-	5 000	-	5 000	5 000	5 000	5 000	5 000
Bhutan*	-	1 000	1 000	1 000	1 000	1 200	1 440	1 580
Bolivia*	-	-	-	1 000	500	500	500	500
Botswana*	-	-	-	1 529	1 415	1 415	-	-
Brazil	10 000	10 000	10 000	10 000	10 000	10 000	10 000	-
Burundi*	5 583	5 583	-	-	-	813	1 626	-
Chad*	1 974	-	-	-	-	-	-	-
Cyprus	268	-	-	-	-	-	-	-
Democratic Yemen	-	1 000	-	-	-	-	-	-
Dominican Republic	1 000	1 000	1 000	-	-	-	-	-
Jordan	5 000	-	-	-	-	-	-	-
Lao People's Democratic Republic*	-	500	500	1 000	1 000	1 000	1 000	1 000
Lesotho*	-	-	1 000	1 000	1 000	1 500	1 500	847
Libyan Arab Jamahiriya	50 000	-	-	-	-	-	-	-
Mali*	-	-	-	500	-	-	-	-
Malawi*	2 000	2 000	2 000	2 000	2 100	1 722	1 315	1 315
Nepal*	2 000	-	-	2 000	-	2 000	2 000	2 000
Peru	1 000	-	-	-	-	-	-	-
Philippines	2 500	2 500	2 500	2 500	-	-	2 000	500
Saudi Arabia	565 064	-	-	-	-	-	-	-
Senegal	-	5 000	5 000	5 000	-	2 500	2 000	1 000
Swaziland*	-	-	-	-	565	-	-	-
Thailand	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Togo	976	-	-	-	500	-	213	-
Tunisia	3 986	2 049	2 415	1 913	1 996	2 434	432	445
Uganda*	-	-	-	128	-	-	-	-
Zambia*	38 462	44 764	57 823	35 000	40 000	50 410	20 126	18 367
Zimbabwe*	-	-	-	-	2 000	6 510	5 217	4 138
Total	691 713	81 396	84 238	70 570	68 076	88 004	55 369	37 692
B. Contributions from land-locked developing countries	50 019	58 847	62 323	50 157	54 580	72 070	39 724	34 747
C. B as a percentage of total A	7%	72%	74%	71%	80%	82%	72%	92%

*Land-locked developing countries

B. Resources available to the Fund

20. The resources made available to the Fund since its inception have been presented in table 1. It may be observed that interest earnings have been the main source of income for the Fund since 1981. As the majority of funds are now committed (the annex to this report lists all projects approved and firm pipeline projects) and as the rate of expenditure accelerates (see para. 10), interest earnings will decline. Neither table 1 nor table 2 gives any indication that this decline will be offset by increased pledges.

21. The very low level of pledges and the declining trend in contributions over time have occurred notwithstanding regular appeals for a more generous attitude. Such appeals have been made both by the Administrator prior to the annual pledging conferences and from the General Assembly which each year since 1978 has expressed its deep concern at the very low level of contributions consistently pledged to the Fund since its establishment and has appealed for adequate resources to be provided to it. The most recent such resolution was 39/221, adopted on 18 December 1984. One hundred and twenty four countries voted for, none against, and 22 abstained. Virtually all the major donors to the operational activities of the United Nations system were among the abstainers; indeed the listing of this category closely approximates that in the vote which established the Fund eight years earlier.

22. As of March 1985, when this report was being prepared, the United Nations Special Fund for Land-locked Developing Countries was characterized by (a) a very low and continuously declining level of pledges notwithstanding regular exhortations to contribute generously; (b) the prospect of declining income from interest earnings; and (c) little financial support except from land-locked developing countries themselves. Unless there is a fundamental change in the attitude of the traditional major donors to development activities of the United Nations, which seems unlikely given their attitude to the Fund, unless other countries give a higher priority to the Fund, for which there is no evidence, and assuming that unexpended balances decline to near zero as projects are executed, the Fund will reach a point during the biennium 1985-1986 when its income - presumably largely from land-locked developing countries - will be less than the cost of administering it. It should be noted that, although UNDP does not charge for the administration of the Fund, there are of course costs incurred in the programming of, accounting for and reporting on the Fund.

23. UNCTAD has been consulted in the preparation of this report and is in agreement with the facts and analysis. It is the opinion of UNCTAD that, in view of the continued political support expressed in various international fora for assistance to land-locked developing countries, most of which are also least developed, to overcome their very difficult geographical situation, UNDP and UNCTAD should make further efforts to mobilize support both from

developed countries and from other countries in a position to do so. UNCTAD is confident that such efforts could result in increased contributions to the Fund.

24. The Administrator is fully understanding of the views expressed by UNCTAD which he undertook to make known to the Council. His experience, however, is that many such appeals have been made in the past to no effect. In the most recent attempt made by the Administrator to obtain support for this Fund, either there was no response from the Governments contacted or those responding stated that, as a matter of principle, they would not contribute to such a Fund. In the light of these facts, the Administrator can only conclude on the basis of the available evidence that the Fund will cease to be viable. If the Governing Council shares the prognosis and conclusions put forward by the Administrator, it may wish to recommend to the General Assembly that the necessary steps be taken for the dissolution of the Fund. In this connection, the Council may wish to consider that any unprogrammed balance should be distributed among all land-locked developing countries using the established formula (see para. 9) as an "add-on" to the IPFs of those countries.

Notes

- 1/ See E/1981/61/Rev.1.
- 2/ See DP/1983/42 and Corr.1.
- 3/ See E/1983/20.

Annex

LISTING OF APPROVED PROJECTS AND FIRM PIPELINE PROJECTS

<u>Regional Bureau for Africa</u>		<u>Executing agency</u>	<u>Total project budget (including support costs)</u>
<u>Number</u>	<u>Title</u>		<u>\$</u>
<u>1. Approved projects</u>			
BDI/79/U09*	Air Freight Operations	Government	50 000
BOT/78/U14*	National Airline Feasibility Study	ICAO	22 002
MLI/79/U01*	Special Adviser in Trade Planning	UNCTAD	67 192
MLW/79/U08*	Establishment of a Shipper's Council	UNCTAD	21 504
LES/79/U05	Assistance to Civil Aviation Engineers for Airport	ICAO	67 800
RWA/79/U06*	Air Freight Handling	UNCTAD	100 846
SWA/79/U02*	Training in Civil Aviation	ICAO	129 851
SWA/82/U03*	Consultancy on Aircraft Selection	ICAO	21 199 ^{a/}
ZAM/79/U06*	Storage Facilities	UNCTAD	72 183
RAF/83/U34	Assistance in Transit Transport for the Landlocked Subregion of East Central Africa (Burundi, Rwanda Uganda and the Kivu region of Eastern Zaire)	UNCTAD	113 000
CAF/83/U02	Institutional Support for Transit Transport	UNCTAD	82 490
RAF/84/U26	Additional Assistance in Transit Transport for the Land-locked Southern African Subregion	UNCTAD	113 000
UGA/83/U05/	Emergency Maintenance for Specified Sections of the Through Traffic Route in Kampala	DTCD	114 130
	Subtotal		<u>975 197</u>
<u>2. Pipeline projects</u>		-	-
<u>3. Allocation (September 1984)</u>			<u>998 432</u>

a/ Includes cost-sharing.

* Financially and/or operationally completed projects.

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Executing agency Total project budget (including support costs)

Regional Bureau for Asia and the Pacific

<u>Number</u>	<u>Title</u>		\$
1. <u>Approved projects</u>			
AFG/79/U06	Rehabilitation of Transit Warehouse at Torghundi Railway Station	DTCD	79 292
BHU/78/U05*	Chuka-Phuntsholing Ropeway Feasibility Study	DTCD	15 317
LAO/79/U11*	Improvement of Transit Services	Government	30 000
LAO/81/U05*	Strengthening of Transit Vehicle Maintenance Facilities	Government	12 100
MON/83/U01	Improvement of Processing, Export Packaging and Transportation of Horse Hair	UNCTAD	57 915
NEP/78/U25	Strengthening Storage Facilities for Transit Traffic of Nepal	UNCTAD	79 100
	Subtotal approved projects		<u>273 724</u>
2. <u>Pipeline projects</u>			
BHU/84/U26	Evaluation and Planning Workshop on Manpower Development		40 000
3. <u>Allocation (September 1984)</u>			<u>452 417</u>

Regional Bureau for Latin America and the Caribbean

<u>Number</u>	<u>Title</u>		
1. <u>Approved projects</u>			
PAR/78/U04*	Navigability and Dredging	Government	45 000
PAR/81/U02*	Hydrography Assistance In Paraguay River	Government	23 171
	Subtotal approved projects		<u>68 171</u>
2. <u>Pipeline projects</u>			
3. <u>Allocation (September 1984)</u>			<u>84 752</u>

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Summary Status

	\$
Total approved projects for all regions less cost-sharing	1 317 092 9 562a/ <u>1 307 530</u>
Total pipeline projects	<u>40 000</u>
Total project budgets against UNSF/LLDC	<u>1 347 530</u>
Total allocation for all regions	<u><u>1 535 601</u></u>

