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P O L I C Y

OTHER MATTERS

PREPARATIONS FOR THE FOURTH PROGRAMMING CYCLE, 1987-1991

Special Programme Resources

Note by the Administrator

Summary

By its decision 85/16, paragraph 17,^{1/} the Governing Council reconfirmed that during the fourth programming cycle, 1987-1991, 1.24 per cent of total resources will be allocated to specific activities to be financed under the Special Programme Resources (SPR). In addition, an amount of \$20 million will be allocated to SPR from the fourth cycle resources set aside for increase in the Operational Reserve. This note provides details on: (a) the status and the use of SPR during the third programming cycle, 1982-1986, as at 30 September 1985; (b) the total funds planned to be available for SPR during the fourth cycle on the basis of decision 85/16; and (c) a conceptual framework for the utilization of SPR during the fourth cycle.

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I. USE OF SPECIAL PROGRAMME RESOURCES DURING
THE THIRD PROGRAMMING CYCLE, 1982-1986

1. By its decisions 80/48 and 80/31,^{2/} the Governing Council authorized the use of Special Programme Resources (formerly Programme Reserve) during the third programming cycle, 1982-1986, for the following purposes:

(a) To finance emergency assistance in cases of natural disaster;

(b) To finance longer-term technical assistance directly related to the effects of the disaster and intended to assist in the rehabilitation and reconstruction of stricken areas and of direct benefit to the population of the stricken areas;

(c) To finance activities related to programme development;

(d) To finance contingencies;

(e) To finance promotional activities of technical co-operation among developing countries, subject to the specific amounts to be authorized by the Governing Council.

2. The resources made available for the above purposes total \$54.645 million, comprising a committed balance of \$8.745 million SPR allocations carried forward from the second programming cycle, 1977-1981, and \$45.9 million of new third cycle allocations.

3. As shown in the table contained in chapter III below, \$40.8 million or approximately 75 per cent of the total SPR available for the third cycle had been allocated for specific purposes by 30 September 1985. Of this total, \$14.5 million has been apportioned to rehabilitation and reconstruction projects in response to natural disasters, \$1.7 million has been allocated to natural disaster emergency assistance projects, \$4.8 million for various projects and activities related to programme development, \$4.4 million for promotional activities for technical co-operation among developing countries and \$15.4 million for other contingencies. Normally, activities financed under contingencies have been initiated by members of the Council or were submitted by the Administrator to the Council for its approval. An amount of approximately \$5 million still remained to be allocated, as at 30 September 1985. In light of the changed needs of the various SPR-financed programmes, final third cycle SPR allocations by expenditure component are foreseen to differ to some extent from the initial notional earmarkings, established by the Administrator for planning purposes at the beginning of the third cycle (as reflected in the table below).

II. FUNDS PLANNED TO BE AVAILABLE FOR SPECIAL PROGRAMME RESOURCES DURING THE FOURTH PROGRAMMING CYCLE, 1987-1991

4. By its decision 85/16, the Governing Council authorized that, similar to the third programming cycle, 1.24 per cent of total fourth cycle resources will be allocated to specific activities to be financed under SPR. In addition, an amount of \$20 million was allocated to SPR from the resources set aside for increase in the Operational Reserve during the fourth cycle, in accordance with the formula approved in Council decision 80/50.^{3/}

5. On the basis of Governing Council decision 85/16, paragraph 3, the resources to be available for SPR-financed activities during the period 1987-1991 would amount to \$56.4 million, or 1.24 per cent of \$4,546.7 million, plus \$20 million from resources set aside for increase in the Operational Reserve, making a total of \$76.4 million.

6. In addition to the above new SPR funds planned to be available during the fourth programming cycle, the Administrator intends to request Governing Council authority to carry forward from the third to the fourth programming cycle any amount of committed but unspent SPR allocations. The Administrator will present to the thirty-fourth session of the Governing Council details of any such committed but unspent balance of third cycle SPR funds as at 31 December 1986, in order to request the Council's formal authorization for such carry-over to the next cycle.

III. FRAMEWORK FOR THE USE OF SPECIAL PROGRAMME RESOURCES DURING THE FOURTH PROGRAMMING CYCLE, 1987-1991

7. The Governing Council authorization to use SPR funds for the specific purposes outlined in its decision 80/48 is limited to the period 1982-1986. A reconfirmation or redefinition of the guidelines to govern the use of fourth cycle funds is therefore required. In this connection, the Administrator presented to the thirty-second session of the Governing Council a special report on SPR (DP/1985/20) which, *inter alia*, provided a further clarification of some of the activities for which he intended to use SPR during the fourth programming cycle, especially with regard to programme development. The present note provides further elaboration of the objectives for which it is proposed that SPR could be used during the fourth cycle. In particular, the proposed broadening of programme development activities to be financed from SPR is considered of importance. It will provide the Administrator with the resources required for addressing specific issues raised by the Governing Council with regard to a further enhancement of the overall effectiveness of the programme, including activities aimed at improving programme/project quality and strengthening aid co-ordination at all levels.

Table. Earmarkings and notional planning figures with regard to
 use of Special Programme Resources

(Thousands of US dollars)

<u>Category</u>	<u>Initial a/ earmarkings for third cycle SPR (1982-1986) b/</u>	<u>Revised a/ earmarkings for third cycle SPR (1982-1986) b/</u>	<u>Allocations from third cycle SPR as at 30 September 1985</u>	<u>Notional planning figures for fourth cycle SPR (1987-1991)</u>
Disaster re- habilitation and reconstruction	23.451	18.000	14.550	20.000
Disaster, relief emergency	1.900	2.000	1.700	4.000
Programme development:	<u>4.415</u>	<u>7.000</u>	<u>4.850</u>	<u>20.000</u>
- Aid co-ordination				13.500
- Prog. quality/ evaluation				2.500
- New initiatives/ innovative approaches				1.500
- Programme research				2.500
Contingencies and technical co-operation among developing countries (TCDC)	<u>24.879</u>	<u>27.645</u>	<u>19.730</u>	<u>32.400</u>
- TCDC			4.350	5.000
- United Nations Decade for transport and communications in Africa			3.000	5.000
- Assistance to Palestinian people			8.621	8.000
- Pre-investment			1.100	2.000
- Others			2.659	12.400
<u>Total</u>	<u>54.645</u>	<u>54.645</u>	<u>40.830</u>	<u>76.400</u>

a/ See paragraph 3 above.

b/ Including carry-over second cycle resources, 1977-1981.

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8. Document DP/1985/20 also included some notional earmarkings of fourth cycle SPR funds for several of the different uses endorsed in decision 80/48. With the overall planning figure for the total fourth cycle SPR funds now firmly established, the Administrator is presenting to the Council notional planning targets for each of the main categories of different uses of SPR during the period 1987-1991. Within the notional targets proposed for programme development and contingency activities, the Administrator has indicated, for broad guidance to programme managers, general targets for different types of activities. These targets are subject to review and revision by the Administrator, based on the level of total resources available during the fourth cycle as well as the changing needs of the various SPR programme components. The Administrator will continue to keep the Council informed of important changes made in the notional distribution of SPR.

Disaster rehabilitation and reconstruction

9. The need for SPR to provide essential technical assistance in support of longer-term rehabilitation and reconstruction projects, in areas stricken by natural disaster, has grown steadily over the years. Under existing policies such specific SPR assistance is limited to a maximum of \$1 million per disaster and \$2 million per country per year. In addition, such technical assistance, must be directly related to the effects of the disaster and of direct benefit to the population of the stricken area. However, in light of the uncertain resource situation at the beginning of the third cycle, the Administrator initially established a ceiling of \$200,000 for individual SPR-financed rehabilitation assistance projects. This ceiling was subsequently increased to \$500,000 and, following the outcome of an ongoing review of this subject, the Administrator is considering re-establishing the original ceiling of \$1 million per disaster. Despite these limitations, funds allocated for such assistance have proven to be often of catalytic importance for the planning and co-ordination of longer-term rehabilitation efforts of a much larger magnitude, including those assisted through IPF funds. Given the continuing and growing need for this type of assistance, it is estimated that a minimum of \$20 million will be required during the fourth cycle to enable UNDP to respond in an adequate and flexible way to technical assistance needs for rehabilitation in the wake of future natural disasters. In this connection, the Administrator is also considering to revise for the fourth cycle the present maximum amount of \$1 million per occurrence to \$1.1 million, partly to reflect the necessary adjustments for inflation and partly to ensure that any additional cost outlays for the proper planning and formulation of major rehabilitation/ reconstruction projects can be more easily accommodated within the financial ceiling. Moreover, a revision of the existing policy guidelines with regard to this category of SPR-financed assistance will be initiated to clarify that its technical assistance nature should be interpreted in the broadest sense and, under certain conditions, that UNDP could finance specific equipment or other non-personnel inputs only. In such cases, it would have to be determined that the other components which are considered essential elements of the overall rehabilitation efforts, such as expert and consultancy services, have been firmly secured by the Government from other sources.

Emergency disaster relief

10. This category of SPR-financed activities is perhaps the most recognized and appreciated by the developing countries which have been stricken by natural disaster.

11. Similar to SPR-financed longer-term disaster-related assistance, there has been, over the years, a growing need in many areas around the world for immediate relief assistance following natural disaster. UNDP's ability to provide such emergency disaster relief at very short notice is especially important in light of the fact that in most countries the UNDP resident representative also acts as the United Nations disaster relief co-ordinator.

12. Therefore, it is expected that an amount of approximately \$4 million will be required for this category of assistance during the fourth cycle. The maximum amount which can be allocated from SPR for this purpose for each activity is presently \$30,000. The Administrator intends to review this ceiling, taking into account the necessary inflation adjustments as well as experience gained.

Programme development

13. As mentioned in document DP/1985/20, the initial earmarking for SPR-financed programme development activities had been kept at a minimum because of the shortfall in general resources during the third cycle. As a result, during the first three-and-a-half years of the present cycle, the Administrator has been restricted in pursuing major new initiatives with regard to programme development which could be financed from SPR. Therefore, the revised third cycle earmarkings indicated in the second column of the table above, reflect an increase of SPR funds which have been set aside for new initiatives to be developed during the remaining period of the present cycle. In order to meet the ever increasing challenges in the modes and areas of technical co-operation, the Administrator estimates that a considerable expansion of the SPR-financed project development component will be required during the fourth cycle. Present policy guidelines issued by the Administrator with respect to the use of SPR for programme development restrict such use to:

(a) Special studies designed to develop new programme areas;

(b) Research and studies to improve the methodology of UNDP technical co-operation; and

(c) Any other activities considered by the Administrator to contribute to the enhancement of the quality of the programme as a whole.

14. Existing instructions and criteria for approving SPR financing of programme development activities also specify that: (a) the planned results of the activities will be beneficial to all, or a large number of, developing

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countries; (b) the activities would not normally be financed from available IPF resources or the UNDP administrative budget and that no other resources are available. Initially, tentative limitations had been set for SPR-financed programme development activities with regard to their duration (six months) and to the maximum amount to be allocated for each activity (\$100,000). However, these limitations soon proved to be too rigid and many of the activities financed have been approved for either longer periods or with higher total budget ceilings, often at the explicit request of the Governing Council.

15. Recognizing the validity of the overall intent of the present policy guidelines with regard to the use of SPR for programme development, the Administrator is aware of the need for a further elaboration and clarification of existing internal instructions. This would help to ensure the most effective utilization of the SPR allocation for enhancing the quality and effectiveness of the programme as a whole and to provide the necessary flexibility and guidance in the early identification of new programme development initiatives. As an initial step in this direction, the notional planning figure which the Administrator intends to establish for the use of SPR for programme development during the fourth cycle has been broken down into four sub-components. These sub-components cover different, though interrelated, areas in which activities have already been identified for further pursuance in the interest of both the programme as a whole and development assistance in general. These specific areas, as set out in the table above, are:

- Aid co-ordination
- Programme quality/evaluation
- New initiatives/innovative approaches
- Programme research.

16. Under the sub-category "aid co-ordination" the Administrator will finance activities aimed at assisting Governments in the co-ordination of external development aid for which no funds are available from other sources. Such activities would, inter alia, include:

(a) Financing of costs related to the preparation for, organization of, and follow-up to round-table meetings held by least developed countries as part of the Substantial New Programme of Action (SNPA), in accordance with Governing Council decision 85/11, paragraph 10.4/ A report will be submitted to the Council at its thirty-third session, indicating the type of activities to be undertaken and the costs which the Administrator expects will be incurred under this heading;

(b) Financing of costs to be incurred by UNDP in preparation for, organization of, and follow up to Consultative Group meetings in those cases where UNDP has been requested to act as the co-ordinator for technical assistance or other specified activities;

(c) Financing of costs to be incurred by UNDP in connection with its preparation for, and participation in, National Technical Co-operation Assessments and Programmes (NaTCAPs) or joint programme assessment missions with other bilateral or multilateral donor agencies, as well as its preparation for and participation in joint economic reform consultancies/missions aimed at assisting Governments in formulating corrective policies and structural adjustment programmes in such areas as agricultural pricing, balance of payment and external debt management, domestic public and private sector resource mobilization, etc. UNDP assistance to NaTCAPs would be in support to round-table and Consultative Group meetings and, in accordance with Governing Council decisions 85/8 and 85/12, ⁵/ would assist Governments in drawing up practical, analytical and prescriptive frameworks for the orientation, planning, co-ordination and updating of cohesive and effective national programmes of technical co-operation;

(d) Selected new initiatives to improve and strengthen systematic information exchange on development assistance among the donor community, especially at the country level; and

(e) Support to other new or innovative approaches and consultative processes, which could be replicated elsewhere, aimed at strengthening a Government's institutional capacity and capabilities to co-ordinate external development assistance or to increase its national aid absorption capacity, as part of its overall development planning efforts.

17. The Administrator intends to establish a notional planning figure of \$13.5 million for the above types of programme development activities during the fourth cycle, the major part of which will be for SNPA-related activities.

18. Activities to be financed from SPR during the fourth cycle falling within the sub-category "programme quality/evaluation" would, inter alia, include:

(a) Activities aimed at strengthening UNDP's technical capability for proper project development, including identification, formulation and appraisals, along the lines of the project development facility endorsed by Governing Council decision 85/4 ⁶/ for an experimental period extending to the end of the third programming cycle;

(b) Selected evaluation studies which cannot be easily financed from IPF resources, such as selected ex post evaluation studies, programme-wide evaluation studies on modalities of execution or selected type of inputs, studies on selected aspects of UNDP's technical assistance programming process and/or certain types of project design; and

(c) A modest amount to be allocated for the specific purpose of conducting initial in-country or sub-regional training of national project managers/co-ordinators and Government staff directly responsible for Government-executed projects, in order to enable UNDP to develop proper training and briefing materials/ procedures for such personnel, on the understanding that in future such training will be financed from the project budget concerned.

19. The Administrator intends to establish a notional planning figure of \$2.5 million for the above types of SPR-financed programme development activities during the fourth cycle.

20. Under the sub-category "new initiatives/innovative approaches" the Administrator intends to finance projects which are clearly meant to be of an experimental nature (either as to technologies, execution modality, private sector co-operation or in any other aspect) and which are expected to contribute to finding new approaches or solutions to either specific problems or to the enhancement of the effectiveness of technical assistance in general. To qualify for SPR funding, such activities should also be designed with the overall intent to replicate and/or use the produced outputs elsewhere. Because by their very nature this type of project may receive lower priority by Governments for IPF financing in view of the inherent risk as to the outcome of truly experimental projects, SPR financing may be a sine qua non for such projects. The Administrator intends to establish a modest notional planning figure of \$1.5 million for this type of programme development activity during the fourth cycle.

21. Under the heading "programme research" the Administrator proposes to use SPR for a longer-term research programme, focusing on special social and economic problems affecting developing countries, in particular least developed countries, as well as on other problems which inhibit the effectiveness of technical assistance in general or the Programme in particular. As mentioned in document DP/1985/20, it is the Administrator's intention to convene a panel of eminent experts to formulate and guide such a research programme. It is expected that this programme will rely, to a major extent, on outside independent academic institutions which would be commissioned to study various pertinent aspects of development with special emphasis on the ultimate application of the planned results to the more effective planning and implementation of UNDP-financed technical assistance. The Administrator intends to establish a notional planning figure of \$2.5 million for these activities.

Contingencies, including activities to promote technical co-operation among developing countries (TCDC)

22. With regard to third cycle SPR allocations (including carry-forward from the second cycle) the Council has so far allocated the major share of SPR to be used for this purpose to four categories of programme activities: TCDC; the United Nations Decade for Transport and Communications in Africa; assistance to the Palestinian people; and pre-investment-related activities (see table above for details). In addition, a number of other activities, such as the programme to combat desert locust, which were approved by the Council during the second cycle have been implemented during the third cycle from resources carried forward.

23. With respect to the financing of contingencies from SPR during the fourth cycle the Administrator intends to establish a notional planning figure of \$32.4 million. Within this proposed total the Council may wish to consider tentative additional allocations to ensure the continued financing of the programmes which received SPR funding during the present cycle: \$5 million for the second half of the United Nations Decade for Transport and Communications in Africa; \$5 million for TCDC; \$8 million for assistance to the Palestinian people; \$2 million for pre-investment-related activities, leaving an unallocated balance of fourth cycle resources of \$12.4 million for new contingencies.

IV. DRAFT RECOMMENDATION

24. In light of the above, the Administrator recommends that the Governing Council consider the following draft decision:

The Governing Council,

Taking note that, in accordance with the resource planning criteria endorsed by its decision 85/16, the Special Programme Resources (SPR) to be available for the fourth programming cycle total \$76.4 million,

Having considered the note by the Administrator (DP/1986/2) on the use of third cycle Special Programme Resources up to 31 July 1985 and the notional planning figures intended to be established by the Administrator with regard to the use of fourth cycle Special Programme Resources during the period 1987-1991,

Bearing in mind its decision 80/48, paragraph 7, in which it authorized the use of Special Programme Resources for specific purposes during the third IPF cycle 1982-1986,

1. Authorizes the use of Special Programme Resources during the fourth programming cycle, 1987-1991, for the following purposes:

(a) Financing emergency assistance in case of natural disaster;

(b) Financing longer-term assistance directly related to the effects of natural disaster, intended to assist in the rehabilitation and reconstruction of stricken areas and of direct benefit to the population of the stricken areas;

(c) Financing activities related to programme development, in particular those aimed at: (i) achieving more effective aid co-ordination; (ii) enhancing programme quality; (iii) promoting new initiatives/innovative approaches with a potential programme-wide impact; (iv) longer-term research and development in the area of social and economic development;

(d) Financing of contingencies;

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(e) Financing action-oriented promotional activities of technical co-operation among developing countries, subject to specific amounts to be authorized by the Governing Council;

2. Requests the Administrator to report to the Council each year as to the status and use of the Special Programme Resources.

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Notes

1/ See Official Records of the Economic and Social Council, 1985, Supplement No. 11, annex I.

2/ See Official Records of the Economic and Social Council, 1980, Supplement No. 12, chap. XI.

3/ Ibid.

4/ See Official Records of the Economic and Social Council, 1985, Supplement No. 11, annex I.

5/ Ibid.

6/ Ibid.