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P O L I C Y

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

UNDP FINANCIAL REGULATIONS

Matters on which consensus was not achieved
at the thirty-second session

Note by the Administrator

Summary

This document provides the text of a proposed UNDP financial regulation on which consensus was not reached at the thirty-second session of the Governing Council, as well as the text of subparagraphs 8(b) and 8(c) of decision 81/16, which the Administrator has identified as the other questions on which consensus has not been reached by the Council.

In accordance with decision 85/38, these matters are to be considered by the Budgetary and Finance Committee during its meetings at the thirty-third session of the Governing Council.

1. At its thirty-second session, the Governing Council approved the text of four UNDP financial regulations which had been proposed by the Administrator in 1981, and decided that the Budgetary and Finance Committee consider during the Council's thirty-third session those remaining matters on which it had not yet been possible to achieve consensus (decision 85/38).

2. The remaining matters which have been considered by the Council at every regular session since 1981 but on which consensus has not yet been reached, are as follows:

- (a) Proposed financial regulation 4.6;
- (b) Subparagraph 8(b) of decision 81/16;
- (c) Subparagraph 8(c) of decision 81/16.

The relevant texts are reproduced in the annex to this document and for convenience have been identified by the letters A, B and C respectively.

Proposed financial regulation 4.6 (text A in the annex)

3. This text, which was proposed by a member of the Council in 1981, provides a definition of the term "readily usable" with respect to the currency of voluntary contributions. This definition provides that a voluntary contribution to UNDP shall be deemed readily usable if previous accumulations of contributions from the donor country amount to less than the contribution itself; the definition must be read in conjunction with the existing regulation 4.5, the text of which is as follows:

"Voluntary contributions shall be made in currencies which are readily usable by UNDP, consistent with the need for efficiency and economy of operations, or convertible to the greatest possible extent into currencies readily usable by UNDP."

Subparagraph 8(b) of decision 81/16 (text B in the annex)

4. This text also appears as paragraph 16(b) of decision 80/30, "Preparations for the third programming cycle, 1982-1986". The words contained in round brackets in the text as shown in the annex reflect proposals put forward by two groups of members of the Council; the two different versions of this subparagraph can be rendered as follows:

Version 1 In view of the multilateral nature of the Programme, non-recipient donor countries which make their voluntary contributions wholly or partly in non-convertible currencies shall pay a gradually increasing share of their contributions in convertible currencies so that their contributions will be fully convertible by the year 1985.

Version 2 In view of the multilateral nature of the Programme, non-recipient donor countries which make their voluntary contributions wholly or partly in their national non-convertible currencies are requested to pay, if possible, a gradually increasing share of their contributions in convertible currencies.

Subparagraph 8(c) of decision 81/16 (text C in the annex)

5. This text also appears as paragraph 16(c) of decision 80/30, "Preparations for the third programming cycle, 1982-1986". The words contained in round brackets in the text as shown in the annex reflect proposals put forward by different members of the Council; two different versions of this subparagraph can be rendered as follows:

Version 1 Meanwhile, entities headquartered in a net donor country which has contributed in a non-convertible currency shall be reimbursed for services and equipment purchased under the Programme only in the currency of that country where such a currency is accumulated and until such accumulation is used; conversely, if, when utilizing a non-convertible contribution, costs are incurred in other currencies, these shall be reimbursed to UNDP in the form of a convertible share of the non-convertible contributions.

Version 2 Meanwhile, entities headquartered in a net donor country which has contributed in a non-convertible currency shall be reimbursed for services and equipment purchased under the Programme in the currency in which the contribution is paid where such a currency is accumulated and until such accumulation is used.

These texts should be read in conjunction with the decision taken by the Council in February 1977, which reads as follows:

"Requested the Administrator to take the necessary steps to ensure that all payments for goods and services (including the provision of equipment, subcontracts, transport, etc.) rendered to all UNDP-financed projects by entities headquartered in countries whose currencies have been accumulated in UNDP are made exclusively in currencies in which their country contribution is paid to UNDP until these accumulations are used, and further requested the Administrator to make a detailed status report to the Governing Council as soon as possible but not later than the twenty-sixth session of the Council on (i) the measures he has taken to implement this request; and (ii) the problems, if any, he has encountered in its implementation."!

6. The Council is requested to consider whether agreement can be reached on the matters contained in these texts so that the UNDP financial regulations can be issued in final form. Any agreement reached regarding the matters covered by texts B and C would need to be reflected in appropriate financial regulations. It should also be noted that there should be no inconsistency between the conclusions which may be reached on these texts; for example, agreement on a text similar to version 1 of text B would remove the need for a definition as proposed in text A.

Notes

1/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3 (E/5940), para. 58(n).

Annex

TEXTS ON WHICH CONSENSUS HAS NOT BEEN ACHIEVED

A Proposed financial regulation 4.6:

[Regulation 4.6: A voluntary contribution to UNDP shall be deemed readily usable if previous accumulations of contributions from the donor country amount to less than the contribution itself.]

B Subparagraph 8(b) of decision 81/16:

[In view of the multilateral nature of the Programme, non-recipient donor countries which make their voluntary contributions wholly or partly in (their national) non-convertible currencies (shall pay) (are requested if possible to pay) a gradually increasing share of their contributions in convertible currencies (so that their contributions will be fully convertible by the year 1985)]

C Subparagraph 8(c) of decision 81/16:

[Meanwhile, entities headquartered in net donor countries which have contributed in non-convertible currencies where such currencies are accumulated and until such accumulations are used shall be reimbursed for services and equipment purchased under the Programme (only in the currency of that country) (in the currencies in which their contribution is paid): (conversely, if, when utilizing a non-convertible contribution, costs are incurred in other currencies, these shall be reimbursed to UNDP in the form of a convertible share of the non-convertible contributions)].

