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ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE
TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

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Addendum

CHAPTER I. MATTERS REFERRED TO THE COMMITTEE BY THE COUNCIL

H. Assistance to the Palestinian People

1. For its consideration of this agenda item, the Committee had before it the Administrator's report contained in document DP/1986/22.
2. In introducing the subject, the Administrator's Special Representative reviewed the background to, and nature of, this special programme. He noted that, at the outset of the programme there had been widespread support for assistance to the Palestinian people in principle, but there was also a great deal of scepticism as to whether such assistance could be effectively delivered by UNDP. The initial negotiations had been very delicate but,

thanks to the Administrator, an operational programme had been launched in 1980 for the people living on the West Bank and the Gaza Strip. Once established, the programme had proved more successful and extensive than had been anticipated. Indeed, the Special Representative advised the Committee that he had personally just returned from a visit to the area and had been greeted there by requests from all of the parties directly concerned for UNDP to play an even larger role as co-ordinator of assistance to the Palestinian people. While it was still too early to assess fully the nature or extent of this larger role, the Administrator's Special Representative indicated that it was clear that UNDP was the only intergovernmental institution which had full access to the people of the area, and to the parties directly concerned. The UNDP programme now had resources beyond those of any other donor organizations.

3. The Special Representative noted that all the funding so far made available for the programme, from the second and third programming cycles, had been fully budgeted. Yet, in his opinion and that of the Administrator, the programme would be able to budget a further \$4 million worth of projects during 1986. He described the projects proposed to the Committee: technical assistance to the glass and ceramic industry in Hebron on the West Bank; the provision of drinking water facilities for villages and rural areas in the West Bank and Gaza; provision of medical equipment to hospitals in the area; and construction of additional schools and classrooms in both areas, in close association with the United Nations Relief and Rehabilitation Agency (UNRRA). The Administrator's proposal therefore involved an additional allocation in 1986 from the Special Programme Resources of \$4 million to enable these projects to be funded.

4. The Administrator's Special Representative drew the Committee's attention to paragraphs 10-15 of DP/1986/22 and annex 3 of the same report in which the auditors had questioned two aspects of the modus operandi of the programme to date: first, whether UNDP had the mandate to engage in capital projects, and second, whether UNDP standard project implementation and monitoring procedures were being followed appropriately. The Special Representative stated to the Committee, that, in the opinion of the Administrator, while there were deviations from normal UNDP procedure in both respects, there were good grounds for these differences, based on the very special nature of the operating environment of the programme. He noted that UNDP was perceived as a general representative of the international community and that it represented the single major source of assistance, by an intergovernmental organization, to the Palestinian people. There was therefore good justification for engaging in capital, as well as technical co-operation projects. Moreover, the absence of a host Government, limitations on backstopping staff, and the highly sensitive nature of the operational environment, combined with the Administrator's personal involvement in the detailed aspects of each project, rendered normal consultative review procedures inappropriate. None the less, in the Administrator's view, the principles of competitive bidding, careful monitoring, and full accounting had been upheld.

5. In conclusion, the Special Representative expressed the hope that the Committee would recommend to the Council an allocation of \$4 million from the Special Programme Resources (SPR) available and unallocated in the third cycle, and also invited comments of the members on the question of operating procedures for the programme.

Discussion of the Committee

6. All members indicated their strong support for this programme and stated that they appreciated the delicate nature of the position of UNDP in respect of its implementation. Members further indicated their understanding of the need for UNDP to adopt flexible procedures to suit the special conditions of the programme, and a number endorsed the extraordinary extension of the UNDP mandate under the special conditions prevailing. Several members expressed the view that, while flexibility was no doubt justified, the nature of the flexibility should be specified and available for review by the various parties concerned so that the deviations from normal UNDP procedure were explicit and clearly understood. In this respect, flexibility could not be at the expense of probity.

7. Several members questioned whether the Committee itself was the appropriate judge of the limits of the UNDP mandate, indicating that perhaps the Governing Council itself should judge this issue if the need arose.

8. Several members questioned what the extended role of UNDP was expected to be in the future. They also questioned whether there were other sources of funding available that UNDP could utilize. In this connection, several members, while supporting an additional allocation in principle, expressed the hope that it would not create a precedent concerning additional allocations on a repetitive basis from UNDP resources for the programme. They requested a clarification from the Administration on this issue.

9. A number of members also requested clarification on the figures provided in DP/1986/22. In particular, they requested clarification of the nature of the pipeline contained in annex 2 and, comparing this with expenditures to date, expressed their concern about the rate of implementation.

Response of the Administration

10. In responding to the questions raised, the Special Representative thanked members of the Committee for their support for the Programme. He also expressed appreciation for the general understanding of the need for flexibility in operational and review procedures and for limited extensions of the UNDP mandate in special cases personally approved by the Administrator.

11. He noted that UNDP was seeking additional financing for the programme from bilateral donors and stated that two donors had so far each contributed \$1 million in this regard. He was keen to ensure that the role of UNDP as catalyst be further developed. As regards the implementation rate, he noted that the programme had been slow to start because of the time required for marshalling the support of all parties and the development of an appropriate modus operandi within the unique circumstances of the Gaza Strip and the West Bank. He assured the Committee, however, that project expenditures during 1986 would total close to \$4 million, twice the level of 1985, and he further assured the Committee that the \$4 million the Administrator was seeking by way of additional allocations could be fully committed within the current calendar year. As regards the projected pipeline, he pointed out that this was a variable figure, depending upon ongoing discussions with the people of the area, but that, none the less, it was the Administrator's view that there was considerable additional potential for projects under the aegis of UNDP. On the other hand, the Special Representative cautioned the Committee that, while his most recent visit had provided evidence of a growing enthusiasm for UNDP leadership in this area, it was still too early to judge the magnitude of the potential involved.

12. Finally, in seeking the additional \$4 million, the Special Representative noted the Committee's concern about the possibility of additional requests in the years to come and stated that the Administrator recognized that there was a limit to resources available from the SPR for the financing of this programme. He stated that all parties concerned would be made aware that any suggestions for additional funding from this source beyond the \$4 million being currently requested and the allocation that had already been made from the SPR for the fourth cycle would have to be reviewed by the Governing Council at a later stage in the light of the resources currently available under the SPR.

Recommendation of the Committee

13. Following its consideration of this subject, the Committee agreed to recommend that the Governing Council approve an exceptional additional allocation of \$4 million from the Special Programme Resources remaining unallocated in the third cycle for the purpose of financing Assistance to the Palestinian People.
