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**SUPPORT**

ANNUAL REPORT OF THE ADMINISTRATOR FOR 1986

MAIN PROGRAMME RECORD

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PROGRAMME PARTICIPANTS IN 1986

Executing agencies of the United Nations Development Programme

United Nations

International Labour Organisation (ILO)

Food and Agriculture Organization of the United Nations (FAO)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

World Health Organization (WHO)

International Civil Aviation Organization (ICAO)

World Meteorological Organization (WMO)

International Maritime Organization (IMO)

International Telecommunication Union (ITU)

International Atomic Energy Agency (IAEA)

United Nations Industrial Development Organization (UNIDO)

United Nations Conference on Trade and Development (UNCTAD)

Universal Postal Union (UPU)

World Bank (IBRD)

African Development Bank (AfDB)

Asian Development Bank (AsDB)

Arab Fund for Economic and Social Development (AFESD)

World Tourism Organization (WTO)

World Intellectual Property Organization (WIPO)

United Nations Centre for Human Settlements (UNCHS)

United Nations Centre on Transnational Corporations (UNCTC)

International Trade Centre (ITC)

Economic Commission for Africa (ECA)

Economic and Social Commission for Western Asia (ESCWA)

Economic and Social Commission for Asia and the Pacific (ESCAP)

Economic Commission for Latin America and the Caribbean (ECLAC)

Economic Commission for Europe (ECE)

Islamic Development Bank (IsDB)

Caribbean Development Bank (CDB)

Governments, as executing agencies

Other participating organizations

United Nations Fund for Population Activities (UNFPA)  
United Nations Children's Fund (UNICEF)  
World Food Programme (WFP)  
Office of the United Nations High Commissioner for Refugees (UNHCR)  
International Fund for Agricultural Development (IFAD)  
United Nations Environment Programme (UNEP)  
Office of the United Nations Disaster Relief Co-ordinator (UNDRO)  
United Nations Fund for Drug Abuse Control (UNFDAC)  
United Nations University (UNU)  
Department of International Economic and Social Affairs (DIESA)

UNDP-administered funds

United Nations Capital Development Fund (UNCDF)  
United Nations Sudano-Sahelian Office (UNSO)  
United Nations Volunteers (UNV)  
United Nations Development Fund for Women (UNIFEM)  
United Nations Fund for Science and Technology Development (UNFSTD)  
United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)

UNDP AT A GLANCE: THE 10-YEAR RECORD

Programme financing: 1977-1986

(Millions of US dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 a/
Voluntary contributions pledged	524.3	596.8	696.7	716.6	672.8	677.0	677.4	678.6	674.1	774.4
<b>Income</b>										
<u>Total</u>	<u>610.3</u>	<u>703.4</u>	<u>798.9</u>	<u>821.4</u>	<u>804.3</u>	<u>792.7</u>	<u>838.2</u>	<u>789.7</u>	<u>873.0</u>	<u>1 056.4</u>
Voluntary contributions received	521.6	593.0	679.5	691.8	688.7	679.7	697.8	651.1	658.9	785.3
Assessed programme costs	3.7	2.0	0.4	1.7	1.3	0.3	-	-	-	-
Cost-sharing	47.4	44.4	41.9	58.2	62.7	75.3	94.4	84.0	92.0	108.9
Other contributions	11.8	14.5	14.6	21.0	23.2	25.3	21.7	22.3	16.3	34.1
Miscellaneous	25.8	49.5	62.5	48.7	28.4	12.1	24.3	31.9	105.8	128.1
<b>Expenditures</b>										
<u>Total</u>	<u>444.3</u>	<u>558.6</u>	<u>699.1</u>	<u>864.0</u>	<u>937.5</u>	<u>859.1</u>	<u>751.0</u>	<u>717.7</u>	<u>778.1</u>	<u>911.0</u>
Field programme activities b/	337.9	435.6	547.6	677.6	732.0	660.2	560.1	532.6	571.7	689.2
Sectoral support costs	4.6	3.6	5.3	5.1	5.6	5.5	4.2	3.3	3.0	3.0
Other	2.1	1.4	2.2	1.8	1.1	1.2	0.4	(3.0)	2.9	3.0
Agency support costs	45.3	58.0	73.2	87.9	94.2	85.1	73.1	70.1	73.0	83.6
UNDP administrative and programme support costs	54.4	60.0	70.8	91.6	104.6	107.1	113.2	114.7	127.7	132.2

Project expenditures: 1977-1986

(Millions of US dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 a/
United Nations	51.0	63.5	65.1	83.6	91.5	85.1	78.7	76.2	86.3	101.3
ILO	25.8	37.9	46.0	56.2	54.0	51.1	43.1	37.2	38.0	45.7
FAO	88.4	111.1	131.4	167.1	182.5	141.4	116.5	109.3	115.9	128.8
UNESCO	29.5	33.2	45.9	53.9	52.2	44.5	41.8	36.4	33.6	35.1
WHO	14.9	14.3	16.2	22.7	23.6	20.0	15.4	13.2	12.0	14.8
ICAO	15.1	26.3	29.5	36.1	39.8	35.3	27.6	23.5	31.5	35.5
WMO	6.6	7.8	8.7	9.9	12.4	11.8	11.3	11.8	13.5	12.6
IAEA	2.8	3.2	6.0	4.4	4.9	4.3	3.7	2.3	1.7	2.5
IMO	2.1	2.0	2.6	5.8	7.1	6.8	6.0	6.5	3.5	5.3
ITU	12.5	16.2	20.5	27.0	32.4	25.1	21.6	18.5	22.0	22.6
UNDP	25.0	35.4	44.0	53.8	52.4	46.8	37.8	35.7	41.9	57.4
UNIDO	33.7	42.4	51.4	56.9	66.9	67.6	50.2	56.2	61.2	71.6
UNCTAD	8.1	9.5	13.2	15.8	17.0	14.4	13.0	7.2	5.3	7.9
UPU	0.6	1.5	2.1	3.6	3.3	2.0	1.6	1.6	1.6	1.7
World Bank	11.4	16.1	26.5	29.0	35.5	38.8	35.2	33.7	31.4	43.8
IDB	0.3	0.5	0.3	0.2	-	-	-	-	-	-
AsDB	0.4	0.9	1.5	3.9	2.5	4.1	2.9	4.7	4.6	5.2
AFESD	0.9	0.6	0.3	0.4	0.6	0.2	0.3	0.1	-	0.2
ECA	0.9	2.4	4.4	7.5	7.8	8.7	4.2	5.9	3.6	4.7
ESCWA	0.1	0.3	0.3	0.6	0.4	0.3	0.5	0.6	0.4	0.5
ESCAP	1.8	2.2	3.9	6.2	5.2	5.0	6.6	5.5	5.7	7.7
ECLA	-	1.1	1.6	1.8	2.2	1.8	1.7	1.3	1.2	1.4
UNV	-	0.2	1.3	2.7	4.5	5.1	4.5	3.3	5.1	7.0
Governments	0.2	0.6	7.2	7.8	10.3	16.4	14.6	18.3	24.3	41.1
UNCHS	-	-	12.3	11.5	11.4	12.7	12.3	10.5	11.0	12.7
WIPO	-	-	0.2	0.4	0.5	0.7	1.2	1.2	1.7	2.1
WTO	-	-	0.4	0.8	0.4	0.8	0.8	0.5	1.2	1.8
ECE	-	-	0.1	0.2	0.9	0.8	0.7	0.6	0.3	0.3
ITC	-	-	-	-	-	-	-	5.7	5.9	10.4
<u>Subtotal b/</u>	<u>332.1</u>	<u>429.2</u>	<u>542.9</u>	<u>669.8</u>	<u>722.2</u>	<u>651.6</u>	<u>553.8</u>	<u>527.5</u>	<u>564.4</u>	<u>681.7</u>
Government cash counterpart expenditures	5.8	6.4	4.7	7.8	9.8	8.6	6.3	5.1	7.3	7.5
<u>Total</u>	<u>337.9</u>	<u>435.6</u>	<u>547.6</u>	<u>677.6</u>	<u>732.0</u>	<u>660.2</u>	<u>560.1</u>	<u>532.6</u>	<u>571.7</u>	<u>689.2</u>

a/ Provisional.

b/ Data cover expenditures financed under UNDP/IPF, Special Programme Resources, Special Measures Fund for the Least Developed Countries, Special Industrial Services (SIS) and cost-sharing.

/...

## INTRODUCTION

1. Income in excess of \$1 billion and an across-the-board improvement in project expenditures signalled the advent of new momentum in UNDP during 1986. Aggregate income from contributions climbed by 17 per cent from the \$863.7 million received in the preceding year. In field programme expenditure, the increase was a notable 20.5 per cent jump, from \$571.7 million to \$689.2 million.
2. Contributing to this surge in project spending were the greater volume and value of projects approved during 1986. Approvals went up in number and value by 6.5 per cent and 33.3 per cent respectively. Another factor was an increase in the rate of programme implementation, which rose from 69 per cent in 1985 to 74.6 per cent in 1986.

### I. PROGRAMME RESOURCES

#### A. Pledges

3. At the Joint United Nations Pledging Conference in November 1986, actual and estimated pledges to UNDP central resources for 1987 came to more than \$800 million.
4. Five major donor countries raised their contributions by 8 per cent or more in United States dollar terms. Among recipient donors, 13 countries boosted their contributions appreciably. Denmark, Finland, Norway and Sweden once more helped to meet the forward-planning requirements of the Programme by providing indications of their intended contributions over future years. The Netherlands, New Zealand and Sweden pledged a further \$7.9 million in supplementary contributions.
5. Shortly after the Pledging Conference, several Governments announced pledges, and two, Sweden and the United Kingdom, increased their original contributions. Further adjustments in exchange rate parities resulted in a greater appreciation of the value of pledges in US dollar terms so that, by end-March 1987, the final estimate of 1987 pledges to central resources stood at \$860 million.

#### B. Income

6. The breakdown by source of all UNDP-administered funds is shown in table 1.

Table 1. Total income received from Governments  
and other contributors in 1986

	(US dollars)
<b>UNDP</b>	
Voluntary pledges	785 323 913 <u>a/</u>
SMF/LDC	12 001 289
Cost-sharing contributions	109 942 646
Government cash counterpart contributions	7 335 119
Contributions for local office costs	13 560 108 <u>a/</u>
Extrabudgetary activities	891 698
Contributions for SIDFAs	128 150
Trust funds established by the Administrator	12 246 404
Subtotal	941 429 407
<b>UNCDF</b>	
Voluntary pledges	26 702 911
Cost-sharing	802 545
Sub-trust funds	1 973 279
<b>UNRFNRE</b>	
Voluntary pledges	418 373
<b>UNSO</b>	
Voluntary pledges	5 413 903
Cost-sharing	9 309 185
Sub-trust funds	5 493 931
<b>UNV</b>	
Voluntary pledges	1 123 036
Sub-trust funds	410 000
<b>UNFSSTD</b>	
Voluntary pledges	897 016
Cost-sharing	56 600
Sub-trust funds	5 897 890
Extrabudgetary	200 000
<b>Special Fund for Land-locked Developing Countries</b>	
Voluntary pledges	23 344
<b>UNDP Fund for Namibia</b>	421 766
<b>UNIFEM</b>	
Voluntary pledges	3 643 121
Cost-sharing	113 151
Sub-trust funds	582 319
<b>UNDP Energy Account</b>	
Voluntary pledges	38 990
Cost-sharing	4 199 539
<b>UNDP Development Study Programme</b>	70 000
Grand total, all funds and programmes	1 009 220 306 <u>b/</u>

a/ Amounts received after applying an accounting linkage of \$3,384,517 for Government local office costs.

b/ Excludes miscellaneous income on main programme and trust fund activities reported in UNDP at a Glance.



II. EXPENDITURES, DELIVERY, PROJECT APPROVALS AND INVESTMENT  
 FOLLOW-UP IN 1986

A. Expenditures by sources of funds, region and components  
 of delivery

7. Total expenditures from UNDP central resources in 1986 amounted to \$911.0 million, of which \$689.2 million was expended on field programme activities; \$83.6 million on agency support costs; \$132.2 million on UNDP administrative and programme support costs; and \$6.0 million on sectoral support and other field-level costs.

8. Of the \$689.2 million in field programme expenditure, \$563.5 million was delivered under indicative planning figure (IPF) resources; \$90.1 million under cost-sharing arrangements; \$13.9 million under Special Programme Resources (SPR); \$3.9 million under Special Industrial Services (SIS); \$10.3 million under the Special Measures Fund for Least Developed Countries (SMF/LDCs); and \$7.5 million in Government cash counterpart contributions (GCCC).

9. As table 2 below indicates, every component of programme expenditure rose above 1985 levels. The large percentage change under SPR was principally the result of increases in two classes of expenditure: allocations for follow-up rehabilitation projects after a wave of natural disasters in 1985; and investments in programme development in preparation for the fourth programming cycle.

Table 2. Field programme expenditures for 1985 and 1986  
 (Millions of US dollars)

	1985	1986	Net increase 1985/1986	Percentage increase 1985/1986
IPF	482.1	563.5	81.4	16.9
Cost-sharing	64.6	90.1	25.5	39.3
SPR	5.4	13.9	8.5	157.4
SIS	2.7	3.9	1.2	44.4
SMF/LDC	9.6	10.3	0.7	7.3
GCCC	7.3	7.5	0.2	2.7
Total	571.7	689.2	117.5	20.5

10. The distribution and percentage share of field expenditures among the regions served by the Programme are given in table 3.

Table 3. Expenditures by region

Region	Expenditure (Millions of US dollars)	Percentage share
Asia and the Pacific	241.9	35.5
Africa	231.1	33.9
Latin America and the Caribbean	92.2	13.5
Arab States	74.5	10.9
Europe	11.9	1.8
Global and interregional	<u>30.1</u>	4.4
Subtotal	681.7	
Expenditures from GCCC (all regions)	<u>7.5</u>	
Total	<u><u>689.2</u></u>	

11. Actual expenditures on the various components of Programme delivery financed from UNDP central resources in 1986 are shown in table 4. For subcontracts and equipment, expenditures increased by 39.4 per cent and 29.2 per cent respectively compared with 1985, while for training and experts they rose by 20.4 per cent and 12.7 per cent.

Table 4. Expenditure from central resources by component,  
1985 and 1986

(Millions of US dollars)

Component	1985	1986 <u>a/</u>
International experts	275.4	310.3
Equipment	128.8	166.4
Sub-contracts	65.0	90.6
Training (fellowships)	69.2	83.3
Miscellaneous	<u>26.0</u>	<u>31.1</u>
Subtotal	564.4	681.7
Government cash counterpart expenditure	<u>7.3</u>	<u>7.5</u>
Total	<u><u>571.7</u></u>	<u><u>689.2</u></u>

a/ Provisional.

12. Compared with 1985, the distribution of expenditures between major components varied as follows. The proportion of expenditures made on equipment rose by 1.6 per cent, accounting for 24.1 per cent of field expenditures. For training, the proportion remained constant at about 12 per cent, while for sub-contracts it went up by 1.7 per cent to represent 13.1 per cent of total field expenditures in 1986. International experts accounted for 45 per cent of this same total compared with 48.1 per cent in 1985.

13. Twenty-nine executing agencies of the United Nations system, together with developing country Governments, recruit the project personnel, specify and purchase the equipment, award the fellowships and issue the sub-contracts which make up UNDP project delivery from year to year. In line with recent Governing Council decisions, the number of nationally recruited project personnel assigned to UNDP-assisted projects increased significantly, rising from 2,759 in 1985 to 3,481 in 1986. The number of experts recruited internationally continued the upward trend begun in 1985. In 1986, the number of such personnel went up from 8,208 to 8,969, with greater numbers of short-term experts partly accounting for this increase. A total of 1,277 United Nations volunteers were also in place during the year, bringing the total number of project personnel serving in 1986 to 13,728. Of these, 25 per cent were national experts and 9.3 per cent were United Nations volunteers.

B. Programme commitments and the supply of project components from developing countries

14. Reflecting a stronger build-up of programme commitments, the value of equipment ordered for (as distinct from delivered to) projects in 1986 increased by 16.4 per cent to \$157.9 million. The value of sub-contracts awarded during the year in review (as distinct from the delivery of sub-contracts) rose to \$87.9 million, a marked increase of 22.6 per cent. Under fellowships, figures provided by agencies indicate that 12,907 placements were made in 1986 through UNDP-financed projects, a slight decrease of 2.2 per cent over the combined total of 13,193 placements reported for 1985.

15. The share of these programme inputs derived from developing countries themselves is reflected in table 5.

Table 5. Share of project components awarded to developing countries: 1985 and 1986 compared

Component		1985	1986
Number of international experts	Developing countries	2 892	3 515
	Total all countries	8 208	8 969
Value of equipment ordered <u>a/</u> (thousands of US dollars)	Developing countries	23 195	32 266
	Total all countries	135 645	157 906
Value of sub-contracts awarded <u>a/</u> (thousands of US dollars)	Developing countries	27 627	34 514
	Total all countries	71 668	87 890
Number of fellowship placements	Developing countries	5 618	6 144
	Total all countries	13 193	12 907

a/ Figures for equipment ordered and sub-contracts awarded during the year differ from expenditures delivered under those components as listed in table 4.

16. In terms of total components supplied in 1986, developing countries accounted for about 39.2 per cent of internationally recruited personnel, 20.4 per cent of equipment ordered, 47.6 per cent of fellowship placements and 39.3 per cent of sub-contracts. In percentage share terms, all these proportions represented clear increases compared with 1985.

#### C. New project approvals

17. As part of the build-up to a new programming cycle, the value of new projects approved in 1986 rose sharply by 33.3 per cent compared with 1985, going from \$349.05 million to \$465.4 million. The total number of new approvals increased by 6.5 per cent, rising from 1,436 the previous year to 1,530 in 1986. Compared with the preceding year, the pattern of new approvals altered. In 1986, the three leading sectors, in order of their numerical share of new approvals, were (a) development strategies, policies and planning; (b) industry; and (c) agriculture, forestry and fisheries. A numerical breakdown of new project approvals by recipient and main sector is provided in addendum 3, table 5.

#### D. Beyond the IPF: field office services

18. Through its 112 field offices serving 152 countries and territories, UNDP offers Governments and their other development partners numerous services which extend beyond its central responsibilities. As a field-based organization, the

comparative advantage of UNDP in providing these development services has been appreciated by recipients and donors alike. Three examples of UNDP activities in this category of support may illustrate the significance attached by Governments and international organizations to the expanding role of the Programme in this respect.

1. Parallel financing reported by UNDP field offices

19. Resource mobilization efforts by UNDP field offices and the considerable parallel financing generated by UNDP-assisted projects continue to add to the overall financial significance of the Programme. Field offices play a major role in catalyzing, co-ordinating and promoting the requisite linkages in this complementary financial relationship at the project level, which differs from standard third-party cost-sharing only in an accounting sense: the funds are provided directly to the project by the participating Government or agency, which remains responsible for them, and are not reflected in the central accounts of the Programme. Figures reported by 54 UNDP field offices and presented in addendum 4, table 2, indicate that at least \$124 million in parallel financing can be directly attributed to UNDP-assisted activities during 1986.

2. Non-UNDP expenditures supported by field offices

20. In 1986, as in previous years, UNDP field offices continued to assist in delivering a sizeable volume of non-UNDP expenditures which are supported by the field infrastructure of the Programme. As in the case of parallel financing, these expenditures do not enter into UNDP central accounts but they none the less reflect the wide range of activities supported by field offices. In 1986, 91 offices reported assistance in the implementation of 1,506 non-UNDP-financed projects with total expenditures of \$306 million (see addendum 4, table 1). Of this amount, major services were provided for 1,037 projects with expenditures amounting to \$206 million. A further 469 projects were assisted to a lesser degree.

3. Management services

21. In recent years, with the approval of the Governing Council, UNDP has assisted recipients of World Bank loans by placing at their disposal its existing field-based delivery system in order to support the implementation of Bank-financed technical co-operation projects. Under the same legislation, these management services are also available to recipients of bilateral assistance. In the majority of arrangements concluded to date, these services, which originate in and extend the UNDP country-level service role world-wide, are provided through the offices of the resident representatives, supported by the Office for Projects Execution (OPE) and advised by the regional bureau concerned. Funds channelled through management services are treated separately from UNDP regular resources. Accordingly, as determined by clear Governing Council policy, services so provided are not subsidized by core resources. In 1986, the value of management services agreements entered into by UNDP amounted to \$47.6 million.

E. Investment follow-up

22. Reported investment commitments related to UNDP-assisted projects, both follow-up investment commitments and those commitments which are supported by UNDP projects, amounted to \$10.5 billion in 1986 compared with \$9.2 billion in 1985. The 1986 figure thus represents an increase of almost 14 per cent, reversing the decline observed between 1984 and 1985.

23. Within this total of \$10.5 billion, investment commitments reported as follow-up to the activities of UNDP-assisted projects came to \$9.5 billion as against \$8.6 billion in 1985 - an increase of about 10.5 per cent. Investment commitments reported in respect of those projects where UNDP provides technical assistance and management support went up steeply in 1986 and amounted to \$1.01 billion compared with \$641 million in 1985.

24. Developing countries continued to lead the way as sources of finance, providing the largest component of these investments. Multilateral organizations constituted the second largest sources of financing, with \$4.3 billion reported for 1986 as against \$3.4 billion for 1985. Loans and credits from the World Bank group accounted for about \$2.8 billion, almost 65 per cent of reported investment financing provided by all multilateral sources during the year. Investment commitments by various bilateral sources went up to \$1.6 billion in 1986 as against \$1.2 billion in 1985.

25. An increase was also observed in the share of investment commitments by private sources, both from developed and developing countries. These private investments climbed to \$1.5 billion for 1986, an increase of almost 126 per cent over the \$663 million for 1985.

26. Compared with 1985, investments by foreign private sources registered a substantial increase of 194 per cent (\$724 million in 1986 as against \$246 million in 1985). Domestic private investments also went up by almost 97 per cent (\$820 million in 1986 compared with \$417 million in 1985).

27. The six sectors which attracted the largest amount of investment financing during 1986 were:

<u>Sector</u>	<u>Investment financing</u>
Agriculture, forestry and fisheries	\$2.7 billion
Natural resources	\$2.3 billion
Transport and communications	\$2.1 billion
Industry	\$1.2 billion
Health	\$568 million
Education	\$541 million

28. During the year in review, UNDP continued to promote linkages between pre-investment and investment through the special interest arrangements it has established with various sources of development finance. Through these arrangements, UNDP field offices circulate to development finance institutions drafts of project documents or other information for UNDP-assisted projects with investment potential. Following an examination of these documents or on their own initiative, development finance institutions may express interest in projects and may comment on project design or the relationship of the project to the activities of the institution. For those projects in which interest is expressed, UNDP, with Government concurrence, undertakes to keep the institution informed of the status of the project with the goal of facilitating its further appraisal for prospective follow-up investment.

29. As indicated by investment trends observed in 1986, a number of Governments envision or are actively pursuing an expanded role for the private sector in stimulating economic development in their countries. UNDP has been broadening the scope of its assistance in this regard.

30. An early effort on behalf of the private sector was the establishment in 1981 of the Caribbean Project Development Facility under the auspices of UNDP with the World Bank/International Finance Corporation (IFC) acting as the executing agency. The primary goal of this Facility remains to provide assistance in identifying, preparing and arranging financing from various domestic and foreign sources for suitable, mainly export-oriented, small- and medium-sized private sector projects in the Caribbean area. Both multilateral and bilateral contributors, including UNDP, have committed to the Facility some \$8.9 million in cash and in kind to ensure a continuation of its activities from its inception until the end of 1987. Of this amount, about \$5.4 million is available for the Facility's operations during the second triennium (1984-1987). A proposal to continue the operations of the Facility for an additional five-year period (1988-1992) is under active consideration.

31. By the end of 1986, the Facility had completed the preparation of 58 projects in 17 Caribbean States at a total estimated cost of \$180 million. During this same period, the Facility was instrumental in raising loan and equity capital amounting to over \$35 million for 25 of these projects. During 1986 alone, the preparation of 20 projects was completed at a total estimated cost of \$93 million.

32. In a similar vein, the Africa Project Development Facility, also executed by the World Bank/IFC, became operational in mid-1986. Following the establishment of a co-ordinating office located within the IFC premises in Washington, D.C., two regional offices of the Facility were inaugurated during the last quarter of the year in Nairobi and Abidjan, each with its own project staff. Financial support for the Facility, amounting to over \$15 million for the initial four-year period of operation (1986-1989), comes from UNDP, IFC, AfDB and a number of Governments. The main objective of the Facility is to assist private African entrepreneurs in the development of viable medium-sized enterprises. To attain this objective, the Facility makes specific efforts to assist these entrepreneurs in identifying, preparing and promoting investment projects with sources of finance. Of particular interest to the Facility are projects costing between \$0.5 million and \$5 million

in various sectors with emphasis on agriculture and agro-industries. By the end of 1986, some 70 project proposals had been submitted to the Facility for consideration.

33. New efforts initiated during 1986 to co-operate with the private sector included exploration of the possible use of trade-generated offset obligations for development activities supplementary to those financed under country programmes. Also under consideration are new approaches to facilitate the execution of UNDP-assisted projects focusing on assistance to the private sector.

#### F. Office for Projects Execution

34. Project expenditures by OPE amounted to \$126.3 million in 1986, a substantial increase of close to 50 per cent over 1985. Disbursements under projects financed from UNDP core funds totalled approximately \$57.4 million, an increase of more than 30 per cent over the preceding year. The most significant rise in project expenditures was, however, accounted for by activities undertaken through management services.

35. Projects funded from non-IPF sources now constitute the predominant part of OPE operations. A special effort is made to accommodate project needs under these arrangements and to respond to the diverse nature of the assistance required. The major part of OPE-assisted activities is concerned with the delivery of partial services and project components in situations where the recipient Government takes a strong leading role in the overall management of the project. In financial terms, no more than a third of all OPE projects comprise the full range of technical and administrative external inputs.

36. Thus, OPE is instrumental in the construction of feeder roads systems in West Africa on behalf of UNSO, provides technical support and equipment procurement for projects executed by Governments and funded by UNCDF, and assists in the implementation of activities sponsored by UNFSTD, UNIFEM and the UNDP Energy Account, to mention some of the most important funds. OPE also co-operates with UNFDAC in the execution of projects it is funding in Asia and Latin America.

37. As noted earlier, an expanding UNDP-supported activity consists of providing management services, where OPE assists recipient countries at the request of the Governments, in carrying out projects funded by bilateral donors or multilateral lending institutions. The services provided by OPE may sometimes be comprehensive, entailing technical and managerial responsibility for project operations. At other times, they may be limited to administrative support, whereby OPE acts on behalf of Governments by contracting for the goods and services involved. Apart from borrowers from the World Bank and IFAD, countries receiving bilateral aid from Australia, Italy and the United States have taken advantage of these arrangements. By far the largest bilateral projects under management services to date relate to programmes funded by Italy in Ethiopia, the Sudan and Chad, for the rehabilitation and development of drought-affected regions in those countries.



38. In implementing projects, OPE draws to a large extent on technical and managerial resources that exist outside the ambit of the United Nations development system. These resources consist of private consulting firms, international research institutions, non-governmental and non-profit-making organizations, voluntary agencies and State-owned corporations. In general, these bodies have proven competence in their respective fields of endeavour and are able to provide a wide array of technical inputs, coupled with quality, for projects assisted through OPE. In a sense, therefore, it may be said that OPE constitutes the primary device of UNDP for reaching out to the technological world outside the confines of the United Nations system in all that concerns project implementation.

39. Additionally, and having in mind the goal of self-reliance, the Governing Council has directed OPE to act as a focal point for measures to promote the execution of projects by Governments themselves. On request, OPE tries to respond to Governments and field offices in facilitating the Government execution of projects and in overcoming the various difficulties associated with the exercise of this modality. As co-operating agency, OPE can provide a wide assortment of services covering sub-contracting, the procurement of equipment, the organization of training programmes and management and reporting matters.

### III. TRANSITION IN THE REGIONS: MANAGEMENT ACTIONS AND SUBSTANTIVE TRENDS

40. For UNDP, Governments and United Nations agencies, 1986 marked the final arrangements for the fourth programming cycle and, in most regions, the preparation of new country programmes reached peak levels. By April 1987, 73 country and three regional programmes costed at nearly \$1.9 billion had been presented to the Governing Council and approved. Another 42 programmes valued at \$1.2 billion were in the pipeline.

41. Benefiting from reviews of their third cycle predecessors, in-depth sectoral consultations and a close appraisal process, these new technical co-operation blueprints were drawn up with a sharp eye to quality and in an effort to address fundamental development priorities. Against a background of global economic deceleration, the majority of programmes featured more efficient economic management and the promotion of greater agricultural and industrial production as prominent objectives.

42. Specific strategies varied within and between regions, reflecting differences in the type and degree of industrialization, the extent of food self-sufficiency, the availability of qualified human resources, the structure of external trade and the size of external debts. However, certain areas of concentration recurred in most country programmes: public sector efficiency measures; economic reactivation through the diversification of industry and exports; greater incentives for the private sector; and the use of technology in development. With budget economies being practised as part of the adjustment process in many countries, social equity and living conditions among the rural and urban poor were further important considerations in UNDP programming.

## A. Africa

43. Rains that were adequate to above average brought relief to many drought-affected parts of Africa during 1986. Across the region, food production picked up significantly and in all but six countries the sense of immediate crisis ebbed. While food security and distribution remained pressing considerations, Governments and their aid partners were able to turn to the policy and economic issues underlying the struggle in the region to meet longer-term needs. At the international level, this policy shift was reflected in the adoption by the General Assembly of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD).

44. The year was also one of transition for UNDP. Some 2,600 projects operating in Africa, scheduled to end at the close of the third cycle, concluded during 1986, facilitating further changes in the use of resources and the direction of programming. Thirty-four of the 45 programmes for the fourth cycle, accounting for 80 per cent of expected IPF resources, were formulated in close alignment with policy trends signalled in the UN-PAAERD. Five themes, which had begun to enter UNDP programming as early as 1984, were singled out for particular attention in these new efforts:

- (a) Improved economic planning and management;
- (b) Support for economic restructuring and policy reforms;
- (c) Increased agricultural output, notably in food production;
- (d) Aid co-ordination and resource mobilization;
- (e) The strengthening of human and institutional capacities.

45. In the course of 1986, a number of African Governments sought UNDP assistance in carrying out structural adjustment programmes, a comparatively new service which the organization is likely to be called on to provide more frequently. This prospect prompted UNDP to assess its potential contributions and to identify among them: (a) greater support for the implementation of reforms in the public sector; (b) the reinforcement of administrative capacities in the public, production and social sectors; and (c) the formulation of strategic policies for stimulating agriculture, industry, private investment and trade. It was also suggested that UNDP could usefully assist African Governments at the design as well as the implementation stage of adjustment. Recent trends in domestic resource allocation in several parts of the region show declining shares of expenditure for education, health and other essential sectors, indicating the need for assistance to monitor and help minimize the social costs of adjustment.

46. The UNDP-assisted round-table process and the National Technical Co-operation and Assessment Programmes (NaTCAPs) continued to play an important part in recovery efforts. One new round-table conference, that for Cape Verde, was conducted during 1986 and succeeded in mobilizing sizeable support from the donor community during its follow-up stage. Preparations for three more conferences for Niger, Burkina

Faso and Sierra Leone moved towards completion. Following on from round-table meetings held previously for Benin, Gambia, Guinea-Bissau, Mali and Togo, a series of sectoral consultations took place in these five countries. Governments and interested donors including non-governmental organization (NGO) groups came together to assess needs in areas from road-building and food production to health, water and rural infrastructure.

47. Also aimed at fostering co-ordinated recovery measures were the UNDP-inspired NaTCAP explorations. These initiatives are designed to help countries to identify systematically the technical assistance required to develop their human resources and build up their institutions in order to carry out development plans, policy reforms and investment programmes. During 1986, pilot NaTCAP exercises were initiated in six countries and a further six are planned for 1987. (Further details of these and other recent activities in the Africa region are contained in DP/1987/27.)

#### B. Asia and the Pacific

48. Although the countries of the region had shown considerable resilience both during and since the recent global recession, their economic performance in 1986 suffered in the face of a markedly unfavourable external climate. Generally, declining exports and worsening external balances were responsible for a slow-down in economic activity, affecting the dynamic economies of East and South-East Asia more sharply than others in the region. Moreover, falling commodity prices continued to have an adverse effect in almost all countries, but especially in the least developed and Pacific island developing economies. Other changes in the global economic environment in 1986 caused by the depreciation of the dollar, falling oil prices and declining interest rates also had mixed effects in the region, placing a premium on economic diversification and the ability to respond flexibly to rapid shifts in the global economy.

49. It was against this sobering background, with all forms of assistance counting more than usual, that UNDP completed its third programming cycle on a note of hope. With a record IPF programme delivery of \$228 million in 1986, 96 per cent of resources available to the Asia and Pacific region had been spent or committed. This performance confirmed that the programme had recovered from the commitment and delivery slump resulting from IPF cut-backs in 1981-1982 while also marking the fact that a full five years had been required to restore momentum.

50. The build-up of new country programmes looked similarly healthy. It was expected that 95 per cent of the fourth cycle programmes of the region, many of them project-intensive, would have been presented to the Council by June 1987. The strategy adopted in this pre-cycle push was to prepare and seek approval for as many new programmes as possible before the fourth cycle began. In fact, five of the six largest programmes in the region were drawn up, approved and put into effect through 1985 and 1986. In the 30 new programmes prepared by April 1987, some 1,000 specific projects had already been identified, indicating that a dependable pipeline was moving into place.

51. The more than 2,000 UNDP-supported projects operating in the region during 1986 reflected its changing pattern of development. Industry, science and technology, which had accounted for 19 per cent of UNDP project approvals in 1982, claimed 24 per cent of the 1986 total, overtaking forestry and fisheries, whose share remained constant at around 23 per cent. Within most projects, expenditures on training were up by an appreciable amount. Together, both trends were viewed as part of the drive in Asian and Pacific countries towards mobilizing human resources to take advantage of contemporary technologies, a direction also evident in the new \$213.5 million regional programme.

52. This latter programme was endorsed by Governments in 1986 at the third meeting of Directors of Foreign Aid from the region to be convened by UNDP. Assembling in Bangkok for a week of practical exchanges on aid co-ordination matters, participants acknowledged the leading role of UNDP in aid mobilization and co-ordination. Mechanisms such as in-country consultative groups, round-table meetings, annual development co-operation reports and co-financing arrangements were singled out as particularly useful. Programme trends in Asia and the Pacific, such as increased numbers of government-executed projects (the region now accounts for 45 per cent of all such projects world-wide) and a recent surge in the recruitment of national professionals in projects were welcomed.

53. Among measures for sustaining programme performance in the region, the Bangkok meeting proposed that:

(a) Programming procedures should be simplified and maintained, with a minimum of changes;

(b) Rapid, flexible and responsive project implementation should count as an equal priority with high-quality project preparation;

(c) Executing agencies should improve their expenditure reporting systems and their processes for selecting experts and administering fellowships; and

(d) Government personnel responsible for project formulation, implementation and monitoring should receive additional training and UNDP country offices should be strengthened.

54. A full report on programme implementation in the Asia and Pacific region is contained in DP/1987/29.

### C. Latin America and the Caribbean

55. The countries of Latin America and the Caribbean continued to face serious economic and social difficulties during 1986. The combined debt of the region approached \$400 billion. Sagging commodity prices resulted in a continuing dearth of foreign exchange and, for the fifth straight year, the net balance of capital flows was negative. In the course of 1986, capital exported by the region exceeded \$23 billion.

56. Stabilization programmes were adopted in most countries with varying results. In six cases, a degree of economic equilibrium was attained and the gross domestic product (GDP) of these countries expanded by 5 per cent or more. However, in another 11 countries, population growth overtook modest economic gains and, in a further four cases, GDPs actually declined.

57. With the resources at its disposal, UNDP has intensified its support to the 41 countries of the region. By the end of 1986, third cycle IPFs had been fully delivered. Together with expenditures under cost-sharing, combined programme delivery at year-end amounted to \$382.3 million. Programme and project impact were closely monitored through the 171 tripartite reviews and 21 in-depth evaluations conducted during the year.

58. By April 1987, 30 new country and regional programmes had been designed and approved. With two exceptions, all fourth cycle programmes will have been formulated and submitted to the Governing Council by mid-1987.

59. Growth-oriented development strategies for increasing agricultural and industrial production emerged as overriding priorities in the region, reflected in the majority of the new programmes. In the context of decreased spending on health, education, employment opportunities and housing, the condition of an estimated 140 million people living below the poverty line remained a further key concern. The alleviation of critical poverty occupies a prominent place in the new UNDP-financed regional programme. Other major technical assistance needs to which UNDP is now giving particular attention include debt management, the application of technology to development and technical co-operation among the developing countries of the region. (See DP/1987/31 for a detailed account of programme implementation in the region.)

#### D. Arab States

60. Confronted with sharply reduced oil revenues, oil-exporting countries continued to apply strict measures, which included cut-backs in industrial investment and employment. For their low-income neighbours, the consequences of this retrenchment were a decline in intraregional aid flows, a marked influx of returning migrant workers and a significant fall in income caused by the loss of workers' remittances.

61. These additional adversities came at a time when the least developed countries of the region, which had recently experienced acute problems related to drought and security, were making precarious progress from crisis towards recovery. Combined with the difficulties associated with economic adjustment, these factors contributed to an extremely arduous situation for some of the poorest nations in the world.

62. With technical assistance much in demand, six country programmes, those for Egypt, Iraq, Saudi Arabia, Somalia, Syria and Tunisia, were drawn up and approved in the period June 1986-April 1987. In another eight countries, the Resident Representatives submitted their notes to the Governments, thereby initiating a new

round of country programming. At the end of 1986, project spending under the IPFs showed a substantial increase of 27 per cent over levels achieved the previous year.

63. The orientation of country programmes continues to be thematic. In Tunisia, for example, the focus is on improving the balance of payments, stimulating investment and promoting sectoral as well as regional economic integration. In Somalia, selected themes include the reinforcement of government planning capacities, manpower development, the improvement of agricultural production, principally food production by small farmers and rural development. The new programmes also emphasize cost-effective implementation measures such as the greater use of short-term experts and national professionals.

64. A full report on programme implementation in the Arab States is contained in DP/1987/28.

#### IV. OTHER PROGRAMME DEVELOPMENTS

##### A. Technical Co-operation among Developing Countries (TCDC)

65. The decision to award an extra \$1.5 million from SPR for TCDC activities, which was taken by the Governing Council in 1985, allowed UNDP to step up its support for action-oriented initiatives in 1986. Particular emphasis was laid on organizing intergovernmental programming exercises.

66. The first of these exercises, that for Latin America and the Caribbean, was organized by Peru in October 1986, with assistance from the Special Unit for TCDC. The following month saw China begin its first interregional programming exercise, also with the support of the Special Unit. In both cases, assistance was given on four fronts.

67. Firstly, UNDP assisted the host country to identify its own particular capacity to help other countries. Secondly, UNDP helped the host country to pinpoint its own needs for technical assistance from countries invited to join the programming exercise. Thirdly, UNDP helped these participating countries themselves to identify and match their own strengths and requirements with those of their hosts. And, finally, UNDP was active in helping to organize the meetings in Lima and Beijing, where TCDC project exchanges were firmed up. These two programming exercises resulted in a total of 456 co-operative agreements, 249 in Lima and 207 in Beijing. Preparations are now under way for similar exercises to be held in 1987 in Egypt, India, Tunisia and Turkey.

68. The TCDC Information Referral System (INRES) was expanded during the year. The total number of institutions and line items included in the INRES data base increased by 15 per cent to 2,600 institutions and 60,000 line items, and information on 920 of the initial 2,300 institutions was updated. With the establishment of a telecommunication link between the computer facilities of United Nations Headquarters in New York and those of the United Nations Offices in Geneva, Vienna and Nairobi as well as those of the United Nations Regional Commissions in Santiago and Bangkok, it is now technically feasible to access INRES from any of these locations.

69. Under its mandate to co-ordinate UNDP activities in the field of TCDC with those of the participating and executing agencies of the United Nations development system, the Special Unit organized a meeting of focal points for TCDC in New York on 4-5 March 1986. The meeting recommended general guidelines for the terms and conditions of service of experts and consultants under TCDC. It shared the view of the Joint Inspection Unit that increased budgetary support was necessary from the regular as well as extrabudgetary resources of the organizations for TCDC activities. The meeting also suggested that some procurement and tender procedures in the United Nations system needed to be reviewed to remove unduly restrictive conditions on sources of supply from developing countries.

70. Project assistance remained an important aspect of the work programme of the Special Unit. Under an interregional project started in October 1983, progress was made in a wide range of sectors. In 1986, 112 activities costing the project \$971,000 were supported, an increase over 1985 in project expenditures of 22.9 per cent. In addition, a second interregional project financed from the Perez Guerrero Trust Fund and started in 1985 was completed in 1986. This effort, which had 1986 expenditures of \$253,467, had the same objectives as its sister project funded from the SPR, but its beneficiaries were limited to developing countries that do not belong to the Group of 77.

71. Finally, in 1986, 23 countries used the TCDC modality in the implementation of their IPF-financed projects compared with 19 countries in 1985. Of these, 14 countries were implementing umbrella projects under which multiple TCDC activities were covered.

#### B. Transfer of Knowledge through Expatriate Nationals (TOKTEN)

72. UNDP supports an innovative project for the Transfer of Knowledge through Expatriate Nationals which enables developing countries to recapture some of the skills and experience they have lost through the brain drain. Knowledge of local conditions and needs, the ability to converse fluently in the language of the host country and familiarity with its customs and culture give expatriate experts clear advantages over traditional international consultants. The largely voluntary nature of assignments, whereby UNDP covers only round-trip air fares and subsistence allowances, makes the project extremely cost-effective. A TOKTEN consultancy costs between \$3,000 and \$4,000 per work-month.

73. Since its inception in 1977, TOKTEN has funded 1,400 expert voluntary consultancies, of which 300 were completed in 1986. TOKTEN now operates in 24 countries (Argentina, Bangladesh, Belize, Benin, Cape Verde, China, Dominica, Egypt, Ethiopia, Greece, Grenada, Guinea, Guyana, India, Jordan, Pakistan, Philippines, Republic of Korea, Saint Lucia, Sri Lanka, Syrian Arab Republic, Trinidad and Tobago and Turkey). Regional projects have also been mounted in Africa. Altogether, these countries have committed over \$9 million in UNDP/IPF resources.

74. Two studies have been completed in Egypt and India on the possibility of mobilizing capital acquired abroad by expatriate nationals for investment in their countries of origin to assist in economic and industrial development efforts.

75. Countries now planning TOKTEN projects include Algeria, Fiji, Tonga, Haiti, Lao People's Democratic Republic and Yugoslavia. Another regional TOKTEN project for the Arab world is being considered for 1987.

#### C. Short-term Advisory Services (STAS)

76. The UNDP STAS programme has been operating on a two-year trial basis following approval by the Governing Council in June 1985. The programme performs clearing-house functions to help developing countries meet pressing needs for top-level technical and managerial advice, which up to now has not always been readily available from traditional development sources. Drawn from the largely untapped commercial and parastatal sectors of donor and developing countries alike, STAS advisers are made available on request from developing countries for short-term assignments for the minimal cost of their international travel and per diem.

77. The programme matches developing country requests for technical and managerial expertise with highly skilled advisers from such sectors as agriculture, transport and industry. Advisers are identified by STAS with the help of its 21 co-operating organizations, which comprise business, academic, professional, trade and industrial associations and NGOs world-wide. Assignments are then agreed upon bilaterally between the advisory and recipient organizations concerned.

78. At the end of April 1987, STAS had completed 25 assignments in 13 countries. A total of 103 inquiries from 36 countries had been received. Of these, 18 were cancelled or referred to other UNDP units, 43 were under active recruitment, and 16 at various stages of preparation in the pipeline.

#### D. Inter-Agency Procurement Services Unit (IAPSU)

79. During 1986, IAPSU continued to concentrate on standardizing and negotiating preferential discounts for items commonly used by the United Nations system, such as office equipment and motor vehicles. Binders containing information on these two items are updated and issued twice a year as a matter of routine.

80. In 1986, for the first time, IAPSU also undertook direct procurement on a case-by-case basis and at the specific request of agencies, Governments or UNDP itself. Thanks to the favourable terms, including delivery schedules and freight rates which the Unit has been able to obtain on a number of commonly used items, notably personal computers, a number of specialized agencies and UNDP field offices are now using IAPSU to place such orders. In 1986, 257 purchase orders valued at more than \$1.8 million were placed. Savings in the cost of both equipment and freight are estimated to be in the vicinity of \$400,000.



81. Based on its experience in negotiating with freight forwarders for direct procurement, IAPSU offered its freight advisory services to all agencies, a move which led to further savings in excess of \$150,000.
82. In March 1986, IAPSU issued its first country-specific documentation on procurement sources in developing countries. This binder covered more than 70 common-use items manufactured in Brazil, all of them favourably priced, with many products proving to be more than 50 per cent cheaper than identical ones from developed countries. Before any items were included, production and quality control procedures relating to their manufacture were verified and samples tested. Procurement officers were thus provided with an opportunity to place direct orders without the need to obtain quotations. A number of proposals for new binders covering additional developing countries were prepared jointly with OPE and ITC. These proposals are now awaiting approval.
83. During the year, IAPSU achieved an important breakthrough in cheaper air travel for staff members when two IATA airlines agreed to grant discounts to United Nations staff. One of these arrangements offers world-wide coverage while the other requires that journeys originate in Geneva or Vienna.
84. Studies on global insurance schemes, covering such fields as personal effects, compensation for experts and consultants recruited under trust fund agreements and building insurance continued. The Global Fellowship scheme was extended for one more year and expanded to cover additional categories of personnel. A cargo insurance scheme formerly enjoyed exclusively by one large United Nations agency was successfully negotiated to cover additional agencies, marking another milestone on the way to a single, attractively priced global scheme.
85. An arrangement was also concluded to insure data-processing equipment in UNDP field offices at very low premiums. This scheme may be extended to cover all types of office equipment in field offices as well.
86. Finally, IAPSU again chaired the Inter-Agency subgroup, which works to harmonize procurement procedures in order to improve the transparency of the United Nations system and, at the same time, to make it easier for smaller companies to enter into business relationships with the United Nations.

#### E. Staff development and training

87. During 1986, some 126 career staff members on regular posts were reassigned to different duty stations. Of these, 29 were from headquarters to the field; 24 from the field to headquarters; 72 from one field duty station to another; and 1 between New York and Geneva. Fourteen of the administrative trainees completed their on-the-job training and were assigned to their first regular assignments. In addition, two UNFPA staff members were reassigned with UNDP. In all, five secondments/reimbursable loan arrangements from UNDP to other United Nations bodies were carried out. Six staff members returned from secondment or reimbursable loan arrangements.

88. The Junior Professional Officer (JPO) programme continued to provide UNDP with a valuable input, numbering 146 young professionals at the end of 1986. Of these, 65 (44 per cent) are women. Sponsoring Governments are Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Sweden and Switzerland. A number of these countries also sponsored 21 JPOs from developing countries. Seven JPOs were assigned as Junior Economists to assist Senior Economists in the co-ordination of assistance to LDCs and support of the round-table process.

89. UNDP also continued to administer JPOs for other organizations (106 JPOs at the end of 1986). The organizations thus served were: UNIDO: 63; UNSO: 13; UNFPA: 4; UNV: 4; UNFDAC: 3; the Centre for Social Development and Humanitarian Affairs: 3; UNIFEM: 2; and 1 JPO each for the following organizations: UNFSSTD; the Division for Narcotic Drugs; the International Conference on Drug Abuse and Illicit Trafficking; UNDRO; and the Office of the Special Representative of the Secretary-General for the Law of the Sea.

90. The Administrative Training Programme, consisting of on-the-job training courses of four months at headquarters followed by up to three months in selected field offices, was repeated for staff at the Professional entry level. In 1986, 70 per cent of the administrative trainees were women, and 40 per cent were General Service staff.

91. Twenty in-service courses, attended by 347 staff members from all categories, were conducted in 1986, focusing on such topics as development policy, administrative policies and procedures, managerial skills, pre-investment programming, project design, programme management and financial management. New courses included the Development Seminar for Deputy Resident Representatives in LDCs and the UNDP/UNDRO Workshop on Project Design, Monitoring and Evaluation in the area of disaster preparedness.

92. The Educational Assistance Programme helped 148 staff members to participate in various courses on administration, management and development-related subjects offered at accredited academic and technical institutions. In addition, 356 staff members attended specialized workshops, courses and study groups organized externally in a variety of job-related fields. Field offices, through their annual training programmes organized locally, provided over 1,000 staff members with a range of in-house seminars and outside courses directly aimed at improving job effectiveness. In over 65 field offices, staff participated in job-related language studies in host countries, organized within the field office or through enrolment in local institutions.

#### F. Division for Non-Governmental Organizations

93. In 1986, UNDP established the Division for Non-Governmental Organizations to strengthen its relationship with NGOs as important resources available to developing countries. The Division functions within the Bureau for Programme Policy and Evaluation (BPPE) to promote co-operation between UNDP and NGOs at both ends of the development spectrum.

94. The Division advises the Administrator and operational units of UNDP on the development and implementation of programmes and projects, using a community-based participatory approach. It also advises the Administrator on policies and modalities for the implementation of UNDP programmes and projects by NGOs.

95. The new Division is part of an effort to expand the range of options available to UNDP and recipient countries to help design, implement and evaluate UNDP programmes of assistance.

#### G. Division for Women in Development

96. As a practical expression of its commitment to increasing women's role and share in development, UNDP created a Division for Women in Development in 1986. The Division co-operates with UNDP operational units to identify the role of women in the economic and social development of recipient countries, and seeks to ensure that those roles are reflected in mainstream programming.

97. The new Division works through focal points in UNDP field offices and headquarters units in order to promote women as project participants and beneficiaries. It also works closely with UNIFEM to devise common approaches to development issues. Its initial work plan is expected to include the design of guidelines and training programmes on women and development, both for UNDP and interested Governments.

#### V. UNDP-ADMINISTERED FUNDS

98. The status reports which follow may be taken in conjunction with the individual reports of the UNDP-administered Funds, which provide overviews of their programme activities in 1986 and detailed accounts of their year-end financial positions. Results from projects supported by these Funds are described in addendum 2, part II of this report, while addendum 6 tabulates their resources and expenditures by donor and recipient countries respectively.

##### A. United Nations Capital Development Fund (UNCDF)

99. Estimated contributions to the general resources of UNCDF for 1987 amount to \$32.1 million, an increase of 18.9 per cent over contributions for the previous year. New joint-financing arrangements of \$2.9 million were concluded during 1986, bringing the total value of such arrangements through UNCDF since 1981 to \$35 million. Project expenditures during 1986 amounted to an estimated \$30.7 million, of which \$25.7 million was funded from general resources, while \$5 million was funded by joint-financing arrangements.

100. In 1986, UNCDF approved 24 new projects worth \$43.7 million, while a further \$2.6 million was allocated for increases in current project budgets. Of the 195 UNCDF-financed projects ongoing at the end of 1986, 91 benefit from technical assistance financed by UNDP and by other Funds it administers, an indication of the

complementarity which continues to characterize UNCDF relations with other sources of financing. (DP/1987/47 contains further details on UNCDF activities in 1986.)

B. United Nations Sudano-Sahelian Office (UNSO)

101. On the basis of the Pledging Conference of November 1986 and subsequent pledges, voluntary contributions to UNSO for 1987 are estimated to amount to \$4.9 million. In addition, UNSO received \$14.8 million in 1986 from Governments through direct financing arrangements, which permitted the continuation of support for activities under the two mandates conferred upon UNSO by the General Assembly.

102. Under its drought-related mandate, UNSO continued to assist the eight member States of the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS). The volume of funds thus mobilized by UNSO through the end of 1986 amounted to \$91.5 million. Under its desertification control mandate, UNSO altogether serves 22 countries. In addition to the member States of CILSS, these countries are: Benin, Cameroon, Djibouti, Ethiopia, Ghana, Guinea, Guinea-Bissau, Kenya, Nigeria, Somalia, Sudan, Togo, Uganda and United Republic of Tanzania. A total of \$23.2 million was mobilized by UNSO for desertification control in 1986, bringing the total resources mobilized in this category of assistance since 1979 to \$88.2 million. (Document DP/1987/50 contains further details on UNSO activities in 1986.)

C. United Nations Volunteers (UNV)

103. The UNV programme's core contribution to multilateral technical co-operation activities during 1986 consisted of the programming, fielding, administration and evaluation of 13,715 man-months of UNV expertise (1,142 man-years). Since the average annual cost of one United Nations volunteer is \$12,500, compared to \$50,000 for an expert of similar background and experience, in 1986 alone the developing countries saved some \$43 million by deploying United Nations volunteers for project work.

104. The level of mainstream activities reached in the previous year was maintained during 1986, while UNV activities in the fields of grass-roots participatory development and youth continued to grow and expand. Numerically speaking, in April 1986, the programme reached an all-time high of 1,267 United Nations volunteers who were either in place or had been accepted for service. This number represents an increase of approximately 2 per cent over end-1985 levels of assigned and serving volunteers. An important feature of the activities during 1986 was the increased use of United Nations volunteers by other United Nations organizations such as UNHCR, WFP and UNICEF for emergency-related projects and refugee relief activities. A large-scale regional project, UNV Emergency Assistance to Drought-Affected Countries in sub-Saharan Africa, was nearing completion at the end of the year with 53 United Nations volunteers having successfully completed their assignments and another 22 extra volunteers slated to continue with their assignments in 1987.

105. For 1986, the UNV Special Voluntary Fund (SVF) received pledges and contributions amounting to \$1.19 million from 23 countries. This Fund is intended primarily to meet the external costs of volunteers from developing countries and the internal costs of UNV Programme Assistants assigned to UNDP offices in LDCs. During 1986, however, actual cash collections, including outstanding pledges from prior years, amounted to \$1.12 million from 17 countries. Although this amount, \$1.12 million, represents an increase of 35 per cent over the total cash collections of \$0.83 million paid by 21 countries in 1985, the programme continues to experience serious financial constraints in responding effectively to the requirements of the developing countries.

D. United Nations Revolving Fund for Natural Resources  
Exploration (UNRFNRE)

106. In 1986, the Revolving Fund had nine operational projects in its portfolio, the largest number in its history. Eight of these were mineral exploration projects (Congo, Côte d'Ivoire, Haiti, Honduras, Kenya, Peru, Rwanda, Sierra Leone) and one geothermal project in Saint Lucia. A second geothermal project in Mexico will become operational in 1987. Accordingly, the 1986 expenditure rate of the Fund was more than double that of 1985, at \$6.9 million. On the resource side, in addition to the countries which have traditionally made voluntary contributions, the Government of New Zealand came forward with a substantial contribution to the general resources of the Fund. The Fund also achieved notable success in attracting new joint-financing commitments from Italy and France. These commitments are in addition to the existing joint-financing arrangement with USAID in Saint Lucia. This type of third-party financing will continue to be pursued by the Fund in the future in order to maximize its assistance to developing countries in the field of natural resources exploration. The Fund has also committed additional resources to assist in bringing a prospect in Argentina closer to the production stage. (DP/1987/48 contains further details on UNRFNRE activities.)

E. United Nations Development Fund for Women (UNIFEM)

107. UNIFEM received a total income of \$5.4 million in 1986, a 23 per cent increase over 1985. It included earmarked contributions to specific projects amounting to \$745,000 and contributions from NGOs and individuals totaling \$192,000.

108. Total contributions to the general resources of UNIFEM in 1987, taking into account pledges made at the November 1986 Pledging Conference and those announced after the Conference, are expected to reach \$4.7 million. This represents an increase of 31 per cent over the contributions received for 1986.

109. Earmarked contributions in 1987 to specific projects are expected to reach \$1.6 million, of which \$1.1 million have already been announced, while contributions from NGOs and individuals and other income are expected to exceed \$1.2 million, making the total expected income \$7.5 million for the current year. (Document DP/1987/52 contains further details on UNIFEM activities.)

F. United Nations Fund for Science and Technology for Development (UNFSTD)

110. The United Nations Fund for Science and Technology for Development (UNFSTD) was established on 1 January 1987 under the terms of General Assembly resolution 41/183 of 8 December 1986. The resolution also provided that the resources and related responsibilities of the terminated United Nations Financing System for Science and Technology for Development (UNFSSTD) be transferred to the new Fund. These transferred resources amount to approximately \$12 million, which were committed to some 25 UNFSSTD projects to be implemented by the Fund. In making administrative arrangements for the Fund, it was decided to merge under a single management the staff and operational activities of the Energy Account. This account will be maintained as a financing mechanism and will continue to mobilize funds for activities in the area of energy, focusing particularly on LDCs and the development of new and renewable sources of energy. The planned activities of the merged Science and Technology Fund and Energy Account are explained in greater detail in document DP/1987/49.

111. During 1986, the Fund received modest pledges and other commitments comprising \$2.1 million in monetary resources and in-kind commitments from the private sector valued at \$3.75 million. Total expenditures in 1986 amounted to \$8.9 million under cost-sharing and co-financing arrangements.

VI. EMERGENCY ACTIVITIES IN 1986

112. Each year, the UNDP country office network handles a significant number of emergency and disaster relief operations in collaboration with UNDR0 and other international agencies. These on-the-spot responses are financed from SPR available to the organization. During 1986, UNDP approved some 28 relief projects in this category while following up on similar assistance to countries struck by disasters in previous years. Some major examples of this assistance are described below.

113. Bolivia. Due to continuous and heavy rains early in 1986, the water level of Lake Titicaca, for the first time this century, rose by over 2.5 metres, causing flooding along the coastline of the lake, destroying houses and roads and disrupting agricultural production. SPR provided \$30,000 in emergency relief for the purchase of material for shelter as well as blankets, cooking stoves and transport. This initial emergency allocation was followed up with \$500,000 for a housing rehabilitation and construction project for the affected communities.

114. Burma. On 4 March 1986, a fire broke out in Rangoon, gutting 1,792 housing units and affecting more than 3,700 households in all. Over 15,000 people were rendered homeless and 15 monasteries, several shops, a school and a library were destroyed. UNDP immediately put up \$50,000 for the purchase of blankets, clothing and medical supplies. A major rehabilitation effort is now in progress west of Rangoon City, where plots of land, basic infrastructure, schools, health centres and other social services are being provided by the Government to resettle victims who are willing to build new homes in the area. Timber posts, beams and bamboo products are sold to the settlers at government-controlled prices.

115. However, the Government required technical advice and management support to help with the local fabrication of affordable, fire-resistant roofing material (corrugated galvanized iron sheets) and with the provision of clean drinking water and adequate drainage. An allocation of \$500,000 was made for a long-term rehabilitation project, executed by Habitat, which is providing technical services in urban planning and housing design, economics and construction.

116. El Salvador. On 10 October 1986, the capital city of San Salvador was struck by an earthquake of great magnitude which caused considerable loss of life and damage to property and infrastructure. UNDP immediately dispatched a mission jointly sponsored by ECLAC to assist in the management of the disaster situation. The sum of \$50,000 was allocated to be used together with funds from UNDR0 for the emergency repair of the drinking water and sewage systems of three urban hospitals affected by the earthquake. UNDP also supported an assessment of rehabilitation and reconstruction requirements and will be provided an SPR allocation of \$500,000 for low-cost housing reconstruction, a seismic risk study and a pediatric hospital.

117. Fiji. In April 1986, Cyclone Martin and subsequent torrential rains stormed over Fiji, leaving a trail of destruction and causing heavy floods across the more than 100 inhabited islands of this Pacific country. UNDP financed the purchase of outboard motors to power boats which were used to distribute rations, rescue stranded islanders and assess damage. In addition, funds were provided for emergency rations and medical supplies, the total coming to \$42,000.

118. Jamaica. At the end of May and beginning of June 1986, heavy rains associated with a tropical disturbance system caused loss of life and severe and widespread damage to infrastructure, agriculture, housing and property in half of the parishes in Jamaica. To respond to the short-term effects of the disaster, UNDP provided \$50,000 for vector control equipment to complement the activities of WHO/Pan-American Health Organization (PAHO) in controlling malaria. This was followed by a \$750,000 SPR allocation for the rehabilitation of rural areas, which includes the development of a soil conservation and agro-forestry programme, the replacement of some 20-25 houses of the poorest farmers and the implementation of a public education/development support campaign on disaster prevention.

119. Solomon Islands. A catastrophe of proportions unprecedented in the history of these islands occurred when Cyclone Namu struck in mid-May 1986. Ninety thousand people, just over one third of the total population, were seriously affected. Half of these were left destitute without food or shelter. UNDP was instrumental in co-ordinating the response of the United Nations system, assessing the extent of damage and issuing reports for the benefit of the international community. Within days of the catastrophe, formal requests for assistance were obtained from the Government, processed and transmitted to WFP and UNDR0. A disaster Adviser was identified and fielded within 24 hours. In addition, UNDP came forward with an immediate grant of \$50,000 to cover the costs of chainsaws and light tools to help clear debris. Water tanks, mosquito netting, stoves and hurricane lamps were also purchased. A longer-term rehabilitation exercise, which will cost UNDP \$1.1 million, is under way to restore water supplies, prevent outbreaks of malaria, replace destroyed fishing equipment, and reconstruct feeder roads.

120. Uruguay. During July and August 1986, Uruguay experienced the worst floods in over 60 years. Particularly hard-hit were the north-eastern departments of Rocha and Treinta y Tres where there was extensive damage to infrastructure, especially roads and bridges, cattle, agriculture, housing and rural schools. A UNDP emergency allocation of \$50,000 was used to rehabilitate five schools serving 400 children. This was followed up with an additional request for an allocation of \$350,000 to rehabilitate 11 additional schools which will benefit 1,300 children. Rural schools in Uruguay not only teach the traditional primary curricula but also provide basic training in farming and act as health control centres for the entire family.

121. Vanuatu. Following the devastation wrought by cyclones Eric and Nigel in 1985, UNDP pressed ahead with recovery efforts financed from SPR in 1986 at a cost of \$580,000. Reconstruction activities included repairs to damaged airfield buildings, post offices, houses, hospitals, clinics and schools. Of this amount, \$60,000 is helping fishermen on the archipelago to restore their catches to pre-disaster levels. These funds are being used to replace 20 fish aggregating devices, traditionally anchored off-shore, which had proven highly effective in attracting fish, including migrating species, within reach of small boats. Repairs to damaged water supply systems were also carried out.

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