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POLICY

OTHER FUNDS AND PROGRAMMES

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Annual report of the Administrator for 1986

Summary

This report is submitted in accordance with General Assembly resolution 36/200 which directed that, beginning in 1983, a broad policy review be undertaken on a biennial basis of those funds and programmes that are managed by the Administrator and are under the guidance of the Governing Council.

In addition to reporting on programme activities and policy developments, the report includes the UNCDF evaluation activities carried out in 1986. Information is also provided on the financial status of the Fund, as well as on administrative matters.

The attention of the Council is drawn to the request in chapter IV for modification of the UNCDF Partial Funding System and to chapter V which highlights a need for additional staff.

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I. PROGRAMME OPERATIONS IN 1986

A. Introduction

1. UNCDF delivery and approval of new projects increased substantially (37.6 per cent and 23.8 per cent respectively) in 1986, thereby responding to the need for small-scale capital assistance in developing countries, particularly the least developed. There exist many investment opportunities in the range of \$500,000 to \$5 million that require assistance from external sources. UNCDF is well-positioned to meet these needs and challenges, given its mandate, its past experience and its flexible financing options. The nature of the projects allows for a maximum degree of local execution, which strengthens self-reliance and subsequent replication.

2. In view of existing needs, past performance and positive indications from donor Governments, UNCDF hopes and expects to expand its programmes in the coming years at a pace commensurate with maintaining high quality standards. This, however, requires a modification of the present funding formula. Chapter IV presents a request for consideration and approval by the Governing Council.

B. Programme development

3. UNCDF continued to render its assistance within the framework of the development strategies of the recipient Governments, striking a balance between basic needs and the development of the productive sector. UNCDF is presently assisting 44 countries. Two additional countries, Tuvalu and Kiribati in the Pacific, have been accorded LDC status by the General Assembly and will be considered for UNCDF assistance in 1987, bringing the total number to 46.

4. During 1986, \$46.3 million from all funding sources were approved for 24 new projects and 27 grant increases. The new projects are largely in rural areas: 13 in Africa, 9 in Asia and the Pacific, 1 in the Middle East and 1 in the Caribbean. The sectoral distribution of the approvals is as follows:

1986 approvals by sector

<u>Sector</u>	<u>\$US</u>	<u>(Percentage)</u>
Agriculture and irrigation	16 841 556	36.4
Transport	11 297 213	24.4
Drinking water	11 224 447	24.3
Industries	1 941 593	4.2
Housing	1 659 737	3.6
Education	1 131 586	2.4
Health	1 127 844	2.4
Energy	1 041 460	2.3
	<u>46 265 436</u>	<u>100.0</u>

5. In planning UNCDF assistance, continued priority was given to the drought-affected areas in Africa. Wherever practical, efforts were made to establish geographical and sectoral inter-linkages between UNCDF projects. In so doing, UNCDF relies on the experience and country knowledge of the resident representatives concerned. An example of such an integrated approach is the rural development project of Pehunco, in Benin, in which UNDP and bilateral agencies are also involved. The project, in its efforts to increase agricultural production and villagers' income and to strengthen social and economic elements of infrastructure, has included the establishment of a Village Development Fund. Complementary UNCDF projects in the areas of rural road construction, rural school construction, health centre construction and rural water supply, all within the Pehunco District, help ensure a fully integrated approach of UNCDF assistance in this region of Benin. Implementation responsibility for these projects is at the local community level, which encourages active local participation at all stages of the project operation. Similar UNCDF projects in Niger, integrated rural development, and in Mali, the rice irrigation system, have served as examples to bilateral agencies.

6. Since project identification is the crucial first stage of the project cycle, UNCDF has developed and intensified its planning and project identification efforts further by streamlining the terms of reference and strengthening the composition of the planning and project identification missions, thus facilitating the subsequent project formulation and implementation. In 1986, 12 planning and project identification missions were carried out. Twenty-two review missions were fielded to resolve operational problems and to assist the recipient Governments in project implementation.

7. The implementation of UNCDF projects is primarily the responsibility of the executing agency of the recipient country. Where needed, however, it is assisted by services of co-operating agencies, usually of the United Nations system, such as the UNDP Office of Project Execution (OPE), the United Nations Children's Fund (UNICEF), the United Nations Department of Technical Co-operation for Development (DTCD) and other specialized agencies. As the representative of the Fund in the field, the UNDP resident representative is responsible for the day-to-day monitoring on behalf of UNCDF and is assisted in this task by a Junior Professional Officer (JPO) or a United Nations Volunteer (UNV). The services of JPOs made available by a number of donor Governments have proven to be enormously beneficial to the projects' progress and quality control. It is hoped that this very effective form of additional donor contributions will be continued and, possibly, expanded in future years.

8. As directed by the Governing Council, UNCDF has paid particular attention to the co-ordination aspects of development assistance. It operates in full partnership not only with the IPF assistance of the UNDP Programme, but also other multilateral and bilateral programmes as well. Many UNCDF activities directly complement other technical assistance and/or capital assistance activities, as indicated in the following paragraph. For co-ordination in the field, UNCDF relies heavily on the office of the resident representative. UNCDF will continue to make good use of round-table meetings which have also proven to be a valuable mechanism to achieve additionality and complementarity through co-financing ventures with donor Governments. In 1986, the Fund participated in the follow-up round-table

meetings on Cape Verde and Chad. In Guinea, a comprehensive UNCDF planning and project identification report has become part of the input to the World Bank-sponsored consultative group meeting.

9. UNCDF has actively sought collaboration with bilateral donors and other sources of funds. So far, the Fund has succeeded in establishing co-financing under cost-sharing and trust-fund arrangements for 39 projects. UNCDF projects also benefit from parallel or co-financing arrangements provided by bilateral agencies from Denmark, the Federal Republic of Germany, Finland, France, the Netherlands, Norway, Sweden, Switzerland and the United States; by multilateral financing institutions such as the World Bank, the African Development Bank, the European Development Fund, the European Economic Community; and some non-governmental organizations, both international and national. These types of arrangements are expected to increase in the future. In addition to these complementary efforts, 23 more UNCDF projects received technical assistance financed from UNDP/IPF resources and from the Special Measures Fund for Least Developed Countries (SMF/LDC), bringing a cumulative total of UNCDF projects with UNDP/IPF inputs to 112 at the end of 1986, as compared with 89 in 1985.

10. One area of increasing interest to UNCDF is private sector development. UNCDF is indirectly assisting the promotion of private sector activities through infrastructural investment projects such as construction of market access roads and market places providing facilities for small entrepreneurs and artisans. More directly, UNCDF is supporting private sector development through the establishment of credit lines with local development banks and village co-operatives in Bhutan, Malawi and Niger, for example. In Bhutan, an effective pilot project for agricultural credit has led to a nation-wide credit scheme for subsistence farmers.

Loan operations

11. In accordance with the Council decision 85/24, a concessional loan facility was introduced in 1986 at a modest level and without staff increases. One loan agreement is being negotiated with the Government of Nepal for the development of biogas unit production, as well as another with the Government of Bangladesh for the construction of a pharmaceutical plant. The loan component of these projects totalled \$1,415,460 and represented 3.2 per cent of the total UNCDF approvals from general resources. In 1987, UNCDF plans to develop this loan facility further, both conceptually and operationally.

C. Project commitments

12. In 1986, UNCDF approved a total of \$46.3 million in commitments, of which \$43.7 million was for 24 new projects and \$2.6 million for grant increases in existing project budgets. Of the total amount approved in 1986, \$44 million was funded directly from UNCDF general resources, while the remaining portion of \$2.3 million was funded under joint financing arrangements. Outstanding commitments funded by general resources amounted to \$139.2 million at year end. Total combined outstanding UNCDF commitments at year end, including joint financing arrangements, amount to \$151.8 million.

13. In 1986, UNCDF continued to adhere strictly to the financial control formula on commitment levels presented to the Governing Council in document DP/1982/39. Under this formula, the commitment level of the Fund cannot exceed the sum of available resources, exclusive of the operational reserve, plus two years of annual contributions at the level of the preceding year. While this formula has allowed approvals at a level higher than would have been reached under full funding, a modification to enable UNCDF to expand its approval levels seems to be called for. Chapter IV includes recommendation on this subject.

D. Project expenditures

14. UNCDF began 1986 with 193 ongoing projects totalling \$128.3 million in outstanding commitments against general resources, while \$17.7 million was outstanding against other sources. Project expenditures amounted to an estimated \$25.1 million from general resources and an estimated \$8.9 million from trust fund and cost-sharing arrangements, or a total of \$34.0 million. The comparable figure for 1985 was \$24.7 million. The estimated expenditure level from general resources for 1986 represented 19.6 per cent of outstanding commitments, a somewhat higher percentage than in the two previous years (see table I of annex).

E. Resources from voluntary contributions

15. As reported to the Council at its thirty-second session, the anticipated pledges for 1986 amounted to \$24 million. Following currency fluctuations, these pledges were valued at year end at \$27 million. Contributions paid against these pledges amounted to \$26.5 million. An additional \$0.2 million was received against pledges from 1985 and prior years.

16. Following the pledging conference held in November 1986, contributions to the general resources of UNCDF for 1987 are expected to total \$32.1 million. This represents an 18.9 per cent increase over the 1986 contributions.

17. In contrast to the period 1981-1984, when the strength of the United States dollar substantially reduced the dollar equivalent both of pledges to UNCDF and of the amounts paid in, the decline in the value of the United States dollar against major donor currencies, which began during the second half of 1985, has had a favourable impact on the dollar equivalent of 1986 and 1987 pledges to UNCDF. Furthermore, five of the ten largest donors to UNCDF increased their national currency pledges for 1987. During the year, further systematic efforts will be made to broaden the funding base of UNCDF.

F. Resources from joint financing arrangements

18. In 1986, UNCDF continued to fund some of its projects through various joint financing modalities. New joint financing agreements for \$2.9 million were concluded during 1986, bringing the total of such arrangements entered into by UNCDF since 1981 to \$35 million. During the year, \$2.8 million was paid in against

trust fund and cost-sharing arrangements (see annex, table 2). In 1987 and subsequent years, it is expected that considerably more co-financing arrangements will be agreed upon. UNCDF will ensure that a proper balance between general resources contributions and co-financing arrangements is maintained.

19. **Trust Funds:** Three trust funds were agreed to in 1986 for a total of \$1.8 million. One trust fund of \$1.3 million is unconditional, while the other two trust funds, of \$0.1 million and \$0.4 million respectively, are conditioned on procurement in the donor country. These were the last "tied" trust funds accepted by UNCDF prior to the deadline of 30 April 1986 and represent the seventh and eighth such arrangements entered into since 1982. It should also be noted that the \$0.4 million trust fund is for a project whose details will be finalized in 1987; consequently, this contribution is not being included in the 1986 commitment totals.

20. **Cost-sharing:** In 1986, UNCDF concluded cost-sharing agreements with one donor for an additional \$0.86 million for three projects.

21. **Funding of UNCDF projects from UNDP-administered trust funds:** During the year, UNCDF obtained funding of \$0.6 million for a project from the UNDP Trust Fund for Developing Countries Afflicted by Drought, Famine and Malnutrition.

II. EVALUATION ACTIVITIES

A. Description of evaluation activities

22. In 1986, UNCDF continued to evaluate its projects on the basis of the methodology introduced in 1983, which addresses the special features of the development co-operation activities of the fund, such as the bipartite nature of its relationship with the recipient Governments and its specific mandate as a supplementary source of concessional capital assistance. The 1986 evaluation activities included (a) ongoing projects and (b) sectoral evaluations. UNCDF continues to ensure that the concerned Government agencies play a major role in project evaluations.

23. In 1986, 23 UNCDF projects were evaluated in 10 beneficiary countries: seven in rural water supply, three in agricultural credit, four in irrigation, two in health, and seven in low cost housing, transport, education facilities and various subsectors of agriculture. Evaluations served the following purposes:

(a) To find ways and means to improve the efficiency, effectiveness, relevance and impact of UNCDF-funded projects;

(b) On the basis of lessons learned, to provide feedback which can
(i) improve project planning, design, the implementation and monitoring process;
(ii) ensure replicability; and (iii) improve UNCDF policy, its procedures and its planning process; and

(c) To report on results achieved to the governing body, as well as interested donors.

24. Nine completed projects were evaluated and, as requested by the Governments concerned, second phase projects were prepared for eight of these based on the findings and recommendations of evaluation missions. So far, four of the second phase projects have been approved. These are: development of rural hydraulics in Burkina Faso, rice irrigation in Gambia, dam construction in Mauritania and village access roads in Malawi. The four remaining second phase projects are expected to be approved in 1987.

25. A beginning has been made with sectoral evaluation of projects with credit or working capital inputs. The objective is to recommend appropriate operational policies and procedures for improved implementation of such projects.

III. FINANCIAL STATUS

A. Financial situation of the Fund

26. The financial position of the Fund remains sound. Outstanding project commitments at the end of 1986 (\$139.2 million) exceed the available resources exclusive of the operational reserve (\$95.3 million) by \$43.9 million which can be covered by the resources pledged to the Fund for 1987 and by part of the anticipated contributions for 1988.

B. Financial projections

27. UNCDF projections for future years reflected in the annex are based on the November 1986 pledging conference. New project commitments in 1987 funded only from general resources, on the basis of a revised financial control formula discussed in chapter IV, are projected at approximately \$60 million. Project expenditures under general resources are projected at \$27.8 million. Joint financing arrangements of \$3 million targeted for 1987 are under negotiation. Thus, new commitments in 1987 funded by both general resources and joint financing arrangements can be targeted at \$63 million, while combined expenditures under these two funding sources are estimated at \$32.8 million.

IV. PROPOSAL TO MODIFY THE PARTIAL FUNDING SYSTEM OF UNCDF

28. At its twenty-sixth session in June 1979, the Governing Council approved the proposal of the Administrator for a change from full funding of projects to a partial funding system for an experimental period of two years (decision 79/21). Subsequently, decision 82/22 authorized the continuation of the arrangement.

29. Under the partial funding system, outstanding project commitments should not exceed the sum of liquid resources plus anticipated voluntary contributions for the next two years calculated at the level received in the preceding year. It is recommended that the formula be modified so that the allowable ceiling for outstanding commitments would be the sum of liquid resources, exclusive of the operational reserve, plus five years of anticipated contributions.

A. Operations under the partial funding system

30. The Fund has operated under the partial funding system for a period of six and one half years, during which time there has been a significant expansion in both the volume and scope of activities which now encompass 44 recipient countries.

31. From the beginning of the partial funding system in mid 1979 through 1982, UNCDF considered the operational reserve as part of liquid resources in the calculation of the ceiling on outstanding commitments. The operational reserve amounts to 20 per cent of outstanding commitments. The approvals in the first three and one half years of operations of the partial funding system, which were determined with the inclusion of the operational reserve, varied between \$40 million and \$71.1 million.

32. In 1983, the Administrator decided that, for conservative financial planning reasons, the operational reserve should not be considered for programming purposes and should be excluded from the formula. Therefore, during 1983 and 1984 the Fund began to exclude the operational reserve from liquid resources in the determination of acceptable commitment levels under the formula. This was a factor in the significant decrease in the level of annual approvals in 1983 and 1984. By 1985, the operational reserve had been excluded in its entirety from liquid resources and annual approvals began showing an upward trend.

UNCDF approvals from general resources 1979-1986

<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
40.0	52.2	71.1	60.0	23.9	20.4	33.4	44.0

33. UNCDF projects are implemented primarily by national executing agencies and are frequently located in remote areas. Expenditures on such projects usually take place over a period of four to six years. Historically, there has been a direct correlation between expenditures and outstanding commitments so that expenditures in any given year range from 16.6 per cent to 23.4 per cent of the outstanding commitments at the beginning of the year.

Annual expenditures as a percentage of outstanding commitments 1982-1986

(General resources only)

<u>Year</u>	<u>Outstanding commitments from preceding year</u> (million \$US)	<u>Annual expenditures</u> (million \$US)	<u>Expenditures as percentage of commitments</u>
1982	118.7	27.7	23.4
1983	148.0	24.6	16.6
1984	143.9	28.1	19.5
1985	122.4	22.0	17.9
1986	128.3	25.1	19.6

34. The financial control measures under partial funding have been effective in maintaining the financial integrity of the Fund at all times. However, the two-fold objective of partial funding, (a) expanding Fund assistance to LDCs and (b) reducing Fund liquidity, have only been partially achieved. While the Fund has significantly boosted its assistance to LDCs under the partial funding system, the liquidity of the Fund has continued to grow from a level of \$50.9 million at the end of 1979 to the level of \$95.3 million at the end of 1986.

35. While the level of expenditures over the last five years under the partial funding system has approximated the level of annual voluntary contributions, liquidity has continued to increase because of interest income earned on accumulated resources, which has ranged from \$9 million to \$13.1 million on an annual basis.

B. Considerations affecting the future funding policy of the Fund

36. Given the pattern noted above between expenditures and commitments, if UNCDF is to expand project expenditures and reduce liquidity significantly, it would have to increase new approvals considerably in the coming years.

37. This expansion of commitments requires a modification of the financial control formula. As indicated in paragraph 29, it is recommended that the formula be modified so that the allowable ceiling for outstanding commitments would be the sum of liquid resources, exclusive of the operational reserve, plus five years of anticipated contributions (an increase of three additional years over the existing formula, which allows for only two years). Under this revised formula, the Fund would continue to maintain a fully-funded operational reserve at 20 per cent of outstanding commitments.

38. In projecting the financial impact of this proposed formula for future years, the Fund has maintained voluntary contributions at a constant level for planning purposes. Table 1 of the annex gives projections through 1990 and presumes that the revision of the formula will take effect in 1987. Further, it is implied that the new formula would be introduced gradually, so that the approval authority would not be utilized to the maximum from the very beginning. Instead, actual commitments would constitute a slowly growing percentage of the maximum allowable ceiling, from approximately 67 per cent in 1987 to the full 100 per cent in 1990. Project commitments would thus rise from \$139.2 million at the end of 1986 to \$230.8 million at the end of 1990. (Without the change of formula, this would be \$164.7.)

39. As indicated earlier, expenditures are directly related to the level of commitments and therefore show a parallel increase with commitments. Expenditures, estimated at 20 per cent of outstanding commitments from the previous year, are forecast to rise from \$25.1 million in 1986 to \$44.1 million in 1990. (Under the old formula, these would be only \$32.7 million in 1990, with even greater discrepancies in the years thereafter.) Since UNCDF programme expenditures in future years under the new formula would increase and become greater than incoming resources (both contributions and other income), liquidity is projected to decrease

annually beginning in 1987. A gradual reduction of liquid resources from \$96.7 million at the end of 1987 to \$70.3 million at the end of 1990 is projected. (Under the old formula, liquidity would increase to over \$100 million.)

40. The potential risks in modifying the formula have been carefully reviewed. In case of any unexpected shifts in income or expenditures, the Fund will, through the formula, automatically adjust its approval levels and project budgeting. The fully funded operational reserve, equal to one year of average expenditures, will continue to be available to meet an unforeseen drop in contributions.

41. Parallel to the proposed modification of the formula, an information campaign directed towards existing and potential UNCDF donors will be strengthened in order to make the objectives, possibilities and activities of the Fund better known. It is hoped that this will lead to higher levels of voluntary contributions. The combination of the modified formula and increased donor support would allow the Fund to respond more effectively to the urgent requirements for capital assistance in developing countries.

C. Recommendation

42. The Administrator recommends that the financial control formula be modified to include five years of anticipated contributions in the calculation of acceptable outstanding commitments, rather than the present two years. The purpose of this revision is to further the original objectives of partial funding established in 1979: (a) to reduce the liquidity that has been building on the UNCDF balance sheet and (b) to expand further the volume of UNCDF assistance in order to meet the needs of a large number of developing countries. In implementing this revised formula, the management of the Fund will continue to ensure that prudent financial measures are followed and that the quality of UNCDF projects is maintained at the highest standards. The fully-funded operational reserve will continue to be maintained.

V. ADMINISTRATIVE MATTERS

A. Administrative and programme support costs

43. The direct administrative costs of the Fund in 1986, covering salaries, common staff costs, consultant costs, official travel and general operating expenses amounted to \$2 million and the cost of services rendered by UNDP was \$0.7 million. Thus the total administrative costs for 1986 met from the general resources of the Fund amounted to \$2.7 million.

44. As reported to the Council in DP/1982/38, UNCDF introduced programme support services in 1981. These, covering the cost of field and headquarters project implementation services, and charged to the projects, totalled \$1 million in 1986. These costs for future years are projected to remain relatively constant in relation to project expenditures.

B. Staffing needs

45. As indicated earlier, the volume of operations of the Fund is expected to continue to expand, particularly if the financial control formula is modified, with many more projects in preparation and in operation. This places increased demands on the present staff, which is already taxed to the limit. Since UNCDF is itself heavily involved in all initial project phases, from identification to appraisal, preparation of new projects is highly labour-intensive. As far as projects under implementation are concerned, there has already been an increase from 102 projects in 1980 to 198 in 1986, a trend which is expected to continue through 1990. However, the programming staff, responsible for the preparation and monitoring of projects, has remained virtually constant since 1980.

46. In addition to the growth of the programme, it should be noted that geographical expansion, evaluation activities and co-financing arrangements are also adding to work requirements. Similarly, the intention to make UNCDF better known by disseminating information and expanding contacts with donor and recipient countries, in accordance with Governing Council discussions, will require extra staff input.

47. After careful review of the staffing needs in the context of the past and of prospective growth in UNCDF programme activities, it has been concluded that there is an imminent need for two additional professional and three more general service staff at the minimum. These additions have been reflected in the 1988-89 biennium budgetary request (document DP/1987/55), which is before the Governing Council for approval. The Administrator, in his capacity as Managing Director of UNCDF, will review the staffing situation of the Fund further during the 1988-89 biennium and may make additional recommendations in the light of the expected growth of the programme.

Annex

UNITED NATIONS CAPITAL DEVELOPMENT FUND

Table 1. General resource availability and utilization 1984-1990 a/

(in millions of US dollars)

	<u>Actual</u>		<u>Estimated</u>	<u>Projected</u>			
	1984	1985	1986	1987	1988	1989	1990
I. <u>Financial resources (from end previous year)</u>							
Total financial resources	104.3	106.4	114.6	126.1	137.0	140.7	139.7
- Loan obligations				2.0	5.0	8.0	11.7
- Operational reserve	28.6	24.1	25.0	27.8	34.3	39.6	44.1
- Non-convertible currencies	1.7	1.2	1.0	1.0	1.0	1.0	1.0
Available resources from previous year	74.0	81.1	88.6	95.3	96.7	92.1	82.9
II. <u>Resources made available during the year</u>							
Voluntary contribution received	21.2	21.9	26.7	32.1	32.1	32.1	32.1
Loan payments							0.3
Other income	11.3	10.8	10.6	8.6	9.2	9.4	9.2
Decrease in operational reserve	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Decrease in non-convertible currencies	0.5	0.2	0.0	0.0	0.0	0.0	0.0
Total resources made available during the year	37.5	32.9	37.3	40.7	41.3	41.5	41.6
III. <u>Use of resources during the year</u>							
Project expenditures	28.1	22.0	25.1	27.8	34.3	39.6	44.1
Administrative expenditures	2.3	2.5	2.7	3.0	3.3	3.6	4.0
Total programme expenditure	30.4	24.5	27.8	30.8	37.6	43.2	48.1
Increase in operational reserve	0.0	0.9	2.8	6.5	5.3	4.5	2.1
Increase in loan obligation				2.0	3.0	3.0	4.0
Increase in non-convertible currency	0.0	0.0	0.0	0.0			
Total use of resources	30.4	25.4	30.6	39.3	45.9	50.7	54.2
IV. <u>Total available resources at year end</u>							
(I + II - III)	81.1	88.6	95.3	96.7	92.1	82.9	70.3
V. <u>Operational reserve and non-convertible currency</u>							
Operational reserve level from end previous year	28.6	24.1	25.0	27.8	34.3	39.6	44.1
Change in operational reserve	(4.5)	0.9	2.8	6.5	5.3	4.5	2.1
Operational reserve level at year end	24.1	25.0	27.8	34.3	39.6	44.1	46.2
Level non-convertible currency at year end	1.2	1.0	1.0	1.0	1.0	1.0	1.0
VI. <u>Project commitments outstanding</u>							
Project commitments from previous year	143.9	122.4	128.3	139.2	171.4	198.1	220.5
+ Project approvals during year	20.4	33.4	44.0	60.0	61.0	62.0	54.4
- Project expenditures during year	28.1	22.0	25.1	27.8	34.3	39.6	44.1
- Net project savings and deobligations during the year	13.8	5.5	8.0				
Total outstanding year end	122.4	128.3	139.2	171.4	198.1	220.5	230.8

a/ This chart shows the annual level of project approvals made possible from UNCDR general resources. It does not show additional project approvals made possible from cost-sharing and/or trust fund arrangements. The additional projected years of 1989 and 1990 are provided for consideration of the proposal to revise the partial funding system.

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Table 2. Other resource availability and utilization 1984-1988 a/
 (millions of US dollars)

	<u>Actual</u>		<u>Estimated</u>	<u>Projected</u>	
	1984	1985	1986	1987	1988
I. Available resources as at 1 January	1.6	0.2	5.1	0.5	4.5
II. Resources made available during the year	0.6	7.6	2.8	9.0	4.0
Total	2.2	7.8	7.9	9.5	8.5
III. Use of resources during the year (project. expend.)	2.0	2.7	7.4	5.0	4.0
IV. Available resources as at 31 December	0.2	5.1	0.5	4.5	4.5
V. Project commitments outstanding as at 31 December b/	17.1	17.7	12.6	10.6	10.6

a/ Funding from cost-sharing and sub-trust funds. The totals do not include any UNDP-administered trust funds in order to avoid double counting on UNDP statements. During 1986 expenditures against UNDP-administered trust funds under UNCDF projects amounted to an estimated \$1.5 million while commitments at year end funded by this source totalled \$2.1 million.

b/ Project commitments outstanding for 1984-1986 covered by firm commitments from donors.
