



**Governing Council  
of the  
United Nations  
Development Programme**

Distr.  
LIMITED

DP/1987/BFC/L.2/Add.5  
5 June 1987

ORIGINAL: ENGLISH

BUDGETARY AND FINANCE COMMITTEE  
Thirty-fourth session  
26 May-19 June 1987, New York  
Item 10 of the agenda of the Budgetary  
and Finance Committee

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

Draft report of the Budgetary and Finance Committee

Rapporteur: Mr. Hans OLSSON (Sweden)

Addendum

CHAPTER \_\_\_\_

Focal point for Short-Term Advisory Services

REPORT OF THE DISCUSSION OF THE BUDGETARY AND FINANCE COMMITTEE

1. For its consideration of the financial implications of this subject under item 4 (a) (iii) of the Governing Council's agenda, the Committee had before it a note by the Administrator (DP/1987/17), which included a proposal to finance an extension of the experimental period for a further two and a half years, up to 31 December 1989. It proposed that the administrative costs for the six-month period from 1 July to 31 December 1987, estimated at \$95,000, be financed out of savings anticipated from the \$450,000 approved by the Council in decisions 85/13 of 28 June 1985 and 86/30 of 27 June 1986. Approval was also sought for a further maximum amount of \$450,000 from the Special Programme Resources to finance the activities during 1988 and 1989 on the understanding that any savings realized would revert to Special Programme Resources.
2. In introducing this item, the Assistant Administrator, Bureau for Special Activities, referred to the assessment of the focal point for Short-Term Advisory Services (STAS) presented in the note pursuant to Governing Council decision 85/13. Details were provided to the Committee on the operations of the programme,

including the number of requests in the pipeline and the number of umbrella projects signed with recipient Governments. The Assistant Administrator stated that experience of the trial period indicated the existence of a vast potential demand for this service. The current trend reflected an increased awareness of the expertise which STAS could provide to the private and public sector enterprises in developing countries. Promotional activities including missions, brochures and locally organized media efforts continued to be a highly important part of the STAS work programme.

#### Summary of the discussion in the Committee

3. Members expressed their strong support for this innovative programme, which functioned as a focal point between the private sector and the needs of developing countries. The modality, which provided a service almost free, was recognized as a useful and important instrument. STAS had responded to its mandate and was accomplishing the tasks set for it. Several members endorsed the proposals and noted the savings expected, but questioned the source of financing for the focal point after 31 December 1989. Many members stressed the need to achieve a better geographical distribution on the supply side. Increased participation by developing country advisers was expected, in line with various General Assembly resolutions. The decision-making process for recruiting and fielding STAS advisers was queried. Reference was made to the fact that the programming matters had yet to be discussed in plenary.

4. Several members expressed the need for further details on the budgetary estimates. The level in the allocations for travel was queried and more information on the promotional activities was requested. One member asked for an explanation of the use made of the budget line for miscellaneous items. Increased estimates for 1988-1989 were questioned in light of the savings incurred during the 1985-1987 period. The recourse to indicative planning figure (IPF) resources was questioned.

#### Response of the Administration

5. The Assistant Administrator indicated that STAS was being funded from the earmarking for programme development in the Special Programme Resources. With respect to travel, the estimates were rather low, considering the vital need to promote this new programme actively. UNDP had not in the past made itself available to the private sector. It was imperative, therefore, to increase the programme's promotional activities, to establish and follow up on contacts with chambers of commerce and government ministries in order to enlist more interest and support. The experience gained through the completed missions proved their beneficial impact. The Programme required constant and energetic support to live up to its potential.

6. No decision had been taken with respect to the future of STAS after the experimental period. A full assessment would be made at the end of the experimental period. Continued recourse to the Special Programme Resources would not be advised. Increase in budgetary estimates for salaries reflected promotions

requested for the two staff members earlier in the year. Unfortunately, these did not occur but were expected to be granted in the 1988-1989 biennium. The support expressed by members for the work of the staff was appreciated. The Assistant Administrator explained the recruitment process for fielding a STAS adviser, noting that the ultimate decision to recruit the adviser rested solely with the recipient.

7. The Assistant Administrator indicated, in response to several comments, that the focal point was working to increase the number of advisers recruited from developing countries by seeking the participation of chambers of commerce and other business federations as STAS co-operating organizations. While developed countries represented a more readily accessible source of advisers, STAS has recently recruited one adviser from Argentina and had accepted the offer of five industrial groups from India to become STAS co-operating organizations. IPF resources were used only with the consent of the recipient Government, and then only as a last resource to finance missions. Finally, the budget estimates would enable STAS to engage in a number of promotional activities geared towards building a pipeline of requests, and expanding the pool of expertise in both the developed and developing countries.

#### Further discussion in the Committee

8. Several members indicated that although the kind of expertise needed was more readily available in developed countries, the focal point had to increase efforts to utilize expertise in developing countries. It was pointed out that recipient countries were not sufficiently informed of the programme's existence and were thus not aware of the benefits they could derive from it.

9. Several members reiterated their concern over the budget allocation for travel. Although the need to increase the programme's visibility as recognized, some queried whether resident representatives could not do more of the promotional and programming activities. It was felt that travel did not constitute the most efficient means of promoting the programme. The further point was made that the secretariat for the focal point should remain limited.

#### Further response by the Administration

10. The Assistant Administrator stressed that the review to be undertaken during 1989 should result in a decision about the future financing of the modality. He pointed out that missions undertaken in developing countries were also addressing the need to increase adviser recruitment from developing countries, and cited the addition of the five industrial groups from India as STAS co-operating organizations.

11. The proposed travel allocation was considered cost-effective. It was futile to expect resident representatives who already had a heavy work load to devote the time and energy needed to expand the programme. Resident representatives and often Government ministries had little direct contact with the private sector. The Assistant Administrator provided a breakdown of the amount of time spent by the staff member on missions and at headquarters. He also provided figures on the

number of assignments undertaken in the fields of manufacturing, shipping and transportation, agriculture and agro-industry, banking and communications.

12. Following discussions of programming matters, the Budgetary and Finance Committee recommended that the Governing Council adopt the following decision.

The Governing Council,

1. Takes note of the Administrator's report on the implementation of the focal point for Short-Term Advisory Services (DP/1987/17);
2. Notes with satisfaction the progress made in implementing the Short-Term Advisory Services programme;
3. Notes with appreciation the contributions being made by Short-Term Advisory Services co-operating organizations;
4. Approves the extension of the experimental period through 31 December 1989;
5. Approves a maximum amount of \$450,000 from the Special Programme Resources to finance the focal point's activities during 1988 and 1989 and authorizes the financing of the six-month period 1 July to 31 December 1987 out of the savings anticipated from the \$450,000 approved by the Council in decisions 85/13 of 28 June 1985 and 86/30 of 27 June 1986 on the understanding that any savings realized during this 30-month period should revert to the Special Programme Resources.

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