ANNUAL REPORT OF THE ADMINISTRATOR FOR 1988

INTRODUCTION BY THE ADMINISTRATOR

Introduction

1. The accelerated pace of economic change throughout the world provides both challenges and opportunities of an exceptional nature. Governments, whether their economies are market-oriented, centrally-planned or mixed, are receptive to new ideas that will improve their performance.

2. Some developing countries, mainly in Asia, where economies grew at a robust 8 per cent in 1988, have been able to stimulate investment, increase productivity and promote employment and the spread of new technologies. In contrast, many other developing countries, suffering from low investment or even capital outflow, are experiencing economic stagnation. Per capita income continues to decline in sub-Saharan Africa and Latin America. Reversing these adverse trends will require more focused efforts on the part of UNDP, other United Nations agencies and Governments.

I. THE MANAGEMENT DIMENSION OF DEVELOPMENT

A. Background

3. To help restore growth in the 1990s, UNDP will give priority to the management dimension of development and to redressing the conditions of ever-larger numbers of people unable to escape the entanglements of poverty. At the national level, that means more support for policy-making institutions whose decisions affect the whole economy. At the individual level, UNDP programmes will support the extension of basic services and employment opportunities to those whom development has thus far passed by.
4. UNDP and world development by the year 2000. In response to Governing Council decision 88/15 of July 1988, UNDP had conducted an extensive review of its role in the 1990s. Consultations with staff, Resident Representatives from all regions, outside experts, agencies and members of the Governing Council all contributed to the report on UNDP and world development by the year 2000. This report is being submitted to the Council at its thirty-sixth session (DP/1989/14).

5. The report recommends ways in which UNDP can respond most effectively to the challenges facing the developing countries during the 1990s. It asserts that the multisectoral capabilities, universality and neutrality of UNDP give it a leading position among development organizations as the promoter of programmes to assist developing countries in their efforts to devise and implement strategies for national capacity-building. A key ingredient of these strategies will be to strengthen Government management capabilities. In this context, it will help Governments seeking to strengthen their absorptive capacity to develop those institutions which manage their economic assistance. This enhanced role will require that UNDP strengthen its own staff and field offices as well as its consulting and information networks. Since this comprehensive paper on the future role of UNDP is being submitted to the Council, the balance of this chapter will be confined to some highlights of action in 1988.

6. Management Development Programme. UNDP will assist Governments in carrying out their commitment to improved management through its new Management Development Programme. Launched in 1988, its purpose is to help Governments to improve their management capacity on a long-term basis. Many developing countries need to build up a more efficient public sector if they are to address their social and economic problems successfully. At the request of Governments, UNDP will undertake surveys of public and parastatal organizations, or particular sectors of key importance, and draw up plans to improve their administration. It will also assist in the implementation of these plans.

7. The surveys may also assess the ability of government institutions to carry out long-term reforms as well as to improve the calibre of their public administration training institutes. The goal is to develop better trained government personnel, more efficient public services at lower cost, and improved fiscal policy and management. The Management Development Support Unit in the Bureau for Programme Policy and Evaluation (BPPE) is co-ordinating this initiative. The Governing Council has authorized $60 million, to be allocated through 1991, for the programme.

8. Debt management. Record high debt-service ratios that stymie growth have heightened the need for the improvement of debt management. UNDP already supports over 30 debt management projects in countries as diverse as Argentina, China, Egypt and Nigeria. Most of these projects offer training, computer hardware and software and advisory services that upgrade debt-monitoring capabilities. Many Governments, however, need a broader approach that includes sharpened negotiating skills and the capacity to relate borrowing and repayment schedules to sound macro-economic policies.
9. In 1988, UNDP appointed a group of independent experts to study additional ways of strengthening the capacity of developing countries to deal with external debt issues. The team consulted aid donors and private banks and visited debtor countries to study their experiences with technical assistance and to assess future requirements. The report of the team will be issued in mid-1989.

B. Public sector management and private sector support

10. UNDP technical co-operation is evolving to include more support for policy-making; at the same time, it is broadening its contributions to private sector initiatives. For example, UNDP has played a modest but perhaps key role in assisting China to carry out its sweeping economic restructuring programme over the past decade. China's plans for reform and the problems they posed were completely new to most of its economic managers. Filling the gap in trained managerial and technical personnel was probably their most critical need.

11. The main UNDP support for China's reforms was to facilitate access to outside experts: over the past 10 years, 2,000 international consultants have been sent to China to provide short-term policy support and training. UNDP has also sent hundreds of Chinese abroad for hands-on study. Currently, UNDP provides support to many economic ministries, including the Ministry of Finance on the development of new tax and budget policies and the State Planning Council on setting up an information system for the exchange of economic data between ministries. Although the results of these efforts are difficult to quantify, over the long run they could prove to be among the most cost-effective initiatives with which UNDP is associated.

12. The China programme reflects the UNDP belief that individual enterprise can become a greater catalyst for growth in many countries. In 1988, UNDP organized nearly 180 dialogues in over 80 countries between top government decision-makers and private sector executives to explore strategies of private sector-oriented development and how they can best be promoted. The issue receiving closest attention was the respective roles of the Government and the private sector. One of the conclusions of these meetings was to consider most efficient a clear division of labour, with Governments providing market-oriented policies while private business runs the enterprises. Efficient government administration, considered a sine qua non for an efficient private sector, typically includes setting appropriate exchange rates, removing price controls, and encouraging private entrepreneurs through sound fiscal policies.

13. The general conclusion of these exercises, with respect to UNDP assistance, was that UNDP should continue to act as a catalyst by providing fora for discussion. UNDP was also urged to train managers and entrepreneurs, particularly of small and medium-sized enterprises, and to provide technical assistance in the development of capital markets.

14. UNDP provides a more direct form of support to the private sector by linking its pre-investment activities to follow-up investment. In partnership with the International Finance Corporation (IFC) and regional banking institutions, UNDP
funds Caribbean and African Project Development Facilities, which are designed to assist in identifying, preparing and promoting investment projects. The Caribbean Facility helps small and medium-sized enterprises to obtain start-up money from private investors abroad. By the end of 1988, after seven years of operations, it had completed feasibility studies and proposals for 82 projects in 19 Caribbean States with a total investment value of approximately $242 million. Forty-six of these projects have already secured $98 million in financing.

15. The Africa Project Development Facility assists private African entrepreneurs to develop medium-sized businesses. By the end of its second year of operation in 1988, some 1,110 investment projects had been identified and 105 selected for support. An investment of $50 million in 30 of these projects had created 2,000 jobs by the end of 1988.

16. Through its world-wide country programmes, UNDP often provides technical assistance support to national development banks that extend multilateral bank-funded lines of credit to small and medium-sized farmers and agro-business enterprises. For example, UNDP-funded advisory and training services for staff of the Agricultural Development Bank of Pakistan are designed to help this rapidly growing institution to expand its loan portfolio to agro-industrial enterprises in a sound and efficient manner.

C. Structural adjustment

17. Governments that have chosen structural adjustment programmes have called upon UNDP for support in improving budget and debt management, liberalizing markets and pricing policies, increasing public sector efficiency and strengthening entrepreneurial and export programmes. In Nepal, for example, UNDP technical assistance in most of these areas helped enable the Government to negotiate a $50 million structural adjustment loan from the World Bank in 1987. UNDP continues its assistance to the Government as it implements the adjustment programme.

18. In accord with Governing Council decisions, UNDP is also supporting Government efforts to mitigate any negative impact of structural adjustment programmes on the poorer sectors of the population. In 1988, it joined the African Development Bank (AfDB) and the World Bank in a $10 million project to assess the social dimensions of structural adjustment in Africa. And in association with the World Bank and the Economic Commission for Africa (ECA), UNDP is assisting in monitoring development programmes and aid flows.

19. As requested by the Governing Council, UNDP arranged four cluster meetings in 1988 between UNDP officials and African planning ministers to determine joint strategies and priorities. A major theme of these meetings was adjustment for development. The ministers' message to UNDP was to help them ensure that adjustment programmes would provide the basis for a return to growth. They also welcomed the close attention of UNDP to the social aspects of structural adjustment. These ministers are the key to the successful implementation of UNDP country programmes, round-table meetings and national technical co-operation assessments and programmes (NaTCAPs).
20. UNDP is also adding to its capability to assist African Governments through the addition of highly qualified staff, as authorized by the Governing Council in June 1988. The Regional Bureau for Africa has added 184 posts. Of these, 88 were recruited for co-ordination and policy support (12 senior economists; 30 locally recruited economists; 46 local staff). To strengthen UNDP middle management seven international experts, 22 national officers and 61 local staff were hired. Six professionals were added for emergency operations.

D. Critical poverty alleviation

21. Economic decline in Africa and Latin America has pushed the alleviation of critical poverty into the forefront of development concerns. In Latin America, critical poverty has been on the agenda since the late 1970s when UNDP and the Economic Commission for Latin America and the Caribbean (ECLAC), believing that development was not trickling down, initiated a study to define and measure poverty in the region. Their findings led to a recommendation that the problem be addressed at the country level.

22. UNDP launched its first critical poverty programme in Panama in 1981. A second project was begun in Colombia in 1986 to support the commitment by its Government to give priority to meeting the basic needs of the poor. This project stresses the improvement of policy design and management as well as the creation of small enterprises and employment opportunities designed to be of direct benefit to the poorest people living in marginal areas. Demonstration projects in low-cost housing and the provision of potable water and sanitation are basic elements of the programme.

23. UNDP is now co-ordinating its country-centred operations with respect to critical poverty at the regional level. A programme launched in Latin America in 1986 was operational in 16 countries in 1988 and will soon be extended to three more. Its objectives are to assess the impact of economic policies on the poorest sectors, to create national teams that will share experiences, and to train managers to improve the cost-effectiveness of poverty alleviation programmes. A number of countries have set up parallel projects. Argentina, for example, is using a $16 million World Bank loan in a project related to critical poverty. UNDP also sponsored and served as the technical secretariat to the 1988 Latin American and Caribbean Conference on Critical Poverty Alleviation, designed to mobilize support for these programmes at the highest levels of Government. A regional programme on critical poverty was approved for Africa in early 1989.

E. Extended reach

24. A number of programmes, quite different in nature, have the common capability of being able to extend dramatically the reach of development programmes through greater beneficiary participation as well as through the expanded use of low-cost or underutilized resources.

25. Women in development. The Division for Women in Development is an advocate in
ensuring larger roles for women as participants and beneficiaries throughout UNDP-funded programmes and projects. Created two years ago, the Division is now fully integrated in the work of UNDP, both at headquarters and in the field. Through its training workshops and seminars, the Division has enhanced awareness and receptivity to gender analysis, and is helping to build a common vocabulary and conceptual analytical framework as a basis for gender-responsive programming, project design, and monitoring and evaluation. Over 500 staff members, agency projects staff and government counterparts from planning and co-ordinating ministries have attended these training sessions. Since 1987, over 300 projects have been reviewed by the Division to ensure that women-in-development issues and initiatives have been taken into consideration. Many of those projects have been discussed in the Action Committee. Eight country programmes have been reviewed and recommendations made for improved programme design.

26. Non-governmental organizations (NGOs). The NGO programme is expanding rapidly. In 1988, it launched a $1 million Partners in Development Programme, in which individual NGOs receive up to $25,000 for innovative community-based projects. These include a cow credit bank in Rwanda, programmes to combat drug abuse among the young in Guatemala and Uruguay, and a people's theatre, to be used for rural development training in Ghana. During 1988, 101 NGOs were selected for awards by 37 field offices. In 1989 the programme will be extended to 61 countries and receive $1.5 million in funds.

27. In 1988 preparatory missions were made to eight countries to consult with NGOs, Governments and other partners, in anticipation of creating the Africa 2000 Network. The Network will assist in the protection of Africa's environment and the promotion of sustainable development by building on NGO and community-based initiatives. Approved by the Action Committee in 1989, this $25 million programme is the largest project the Committee has yet endorsed.

28. Field offices also facilitate dialogue between NGOs and Governments. For example, the UNDP office in Tunisia organized informal discussions between officials from the Planning Ministry and NGO representatives. This led to a three-day national seminar on the role of NGOs in development. These discussions, which were widely covered by the national media, resulted in amendments to legislation that will facilitate the establishment of NGOs. UNDP field offices are also developing databases on NGOs in response to the increasing demand by donors and governments to work with and through NGOs.

29. Volunteers. Based on the recommendations of the first major review of the United Nations Volunteers Programme (UNV), the Governing Council approved a funding mechanism and made financial appropriations to expand UNV activities. Over 1,900 United Nations volunteers served 94 developing countries in 1988, with the least developed countries (LDCs) absorbing 63 per cent of all volunteers.

30. The TOKTEN (Transfer of Knowledge through Expatriate Nationals) programme celebrated its tenth anniversary in 1988. Close to 450 consultancies were undertaken during the year, bringing the 10-year total to over 2,200. In the same period, short-term advisory services (STAS), comprising senior executive volunteers who solve commercial and public service problems, completed 129 assignments in 45 countries. To date, STAS has received 270 requests for help from 67 countries.
31. **Special funds.** The special funds that UNDP administers provide special capacities to meet special needs. The United Nations Capital Development Fund (UNCDF), with a portfolio of 250 ongoing projects, emphasizes small-scale assistance benefiting the poor through productive income-generating activities as well as helping to provide for their basic needs. The United Nations Development Fund for Women (UNIFEM) is devoting more resources to small-scale credit while continuing to incorporate women in all phases of development. The United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), with 11 mineral finds from a $43 million investment, had a major success in 1988 with the discovery of a geothermal well that has the potential to supply the island of St. Lucia with one third of its energy requirements. The United Nations Fund for Science and Technology for Development (UNFSTD) helped to launch the first of a proposed 50 business incubators in China as well as managing the STAS and TOKTEN programmes. The United Nations Sudano-Sahelian Office (UNSO) has funded over 250 drought and desertification projects in the Sahel as part of the efforts of the United Nations system to invigorate African economies. These activities, all on limited budgets, are closely co-ordinated with UNDP core programmes.

II. ENVIRONMENT AND URBANIZATION

A. Environment

32. The World Commission on Environment and Development, an independent body appointed by the Secretary General, eloquently spelled out the clear linkage between environment and sustained development in its report "Our Common Future". The report was followed by a 1988 meeting in Oslo on sustainable development, which was attended by members of the Commission and the executive heads of 22 United Nations agencies. UNDP proposed at the Oslo meeting that all 112 UNDP Resident Representatives convene meetings with the Governments they serve to examine ways to further integrate environmental considerations into development planning and macro-economic management. Fifty-five such workshops were held before the end of 1988.

33. UNDP is accelerating its commitment to environmental conservation which, over the past 10 years, had included funding 1,800 environment-related projects at a cost exceeding $1 billion. This investment generated more than eight times that amount in funds from other donors and developing countries themselves. In 1988, UNDP continued its support for implementation of the Tropical Forestry Action Plan and the Programme to Halt Desertification in Africa, where UNSO mobilized over $24 million for land management and afforestation to help beat back the advancing desert. Among other environmental projects, UNDP also funded a comprehensive plan designed to bring clean water and sanitation systems to the cities and towns of north-east Pakistan and helped Viet Nam manage its water supply and forestry service. In Egypt, UNDP promoted a new and renewable energy programme which generates power from the wind.

34. In co-operation with the Canadian International Development Agency (CIDA), the United Nations Environment Programme (UNEP) and other partners, UNDP is developing a portfolio of regional projects to address technical co-operation requirements for...
environmental management in Latin America. With respect to developments in the Amazon, UNDP supports technical assistance provided directly to foresters and farmers who have recently migrated to the Amazon. UNDP is assisting the Brazilian Government in formulating an environmental programme that will be financed by international and local sources including a possible loan by the World Bank. At the same time, UNDP is co-operating in a study to identify global needs and funding sources for a longer-term sustained effort to stop environmental degradation. The study will identify funding sources that are designed to encourage debt-ridden, development-oriented Governments to give higher priority to environmental conservation.

35. At the March 1989 meeting of the Ministers of Foreign Affairs of the signatory countries to the Treaty for Amazonian Co-operation - Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela - the Ministers expressed their satisfaction with the willingness on the part of UNDP to extend technical co-operation to priority Amazonian environmental projects. They also urged UNDP to intensify actions carried out thus far to provide technical and financial support for the Amazonian co-operation projects implemented under the Treaty.

36. UNDP is expanding its own technical and managerial capacity to provide technical co-operation and pre-investment support in the area of the environment. A co-ordinator for UNDP environmental activities was appointed to head the environmental task force created in 1987. The field and headquarters Project Appraisal Committees (PACs) and the Action Committee are giving special attention to the relationship between the environment and sustainable development in the formulation and appraisal of all projects.

37. UNDP participates in the Secretary-General's Special Task Force on Sustainable Development and works closely with two co-ordinating bodies on environmental activities. The Designated Officials for Environmental Matters (DOEM) of the United Nations System Agencies, meets periodically under the leadership of UNEP to co-ordinate policy issues. The Committee of International Development Institutions on the Environment, composed of international financial institutions, regional organizations, NGOs, bilateral assistance programmes and UNDP and UNEP, meets annually to review research papers. UNDP participates in DOEM and CIDIE and in the Administrative Committee on Co-ordination (ACC) machinery with a view to promoting interagency co-ordination and collaboration on environmental issues. While UNEP provides overall policy orientation, UNDP, through its Resident Representatives and network of 112 field offices, promotes operational activities at the country level.

B. Urbanization

38. Cities have been catalysts of economic innovation and growth throughout history. Typically, migrants add to productivity while those with special skills move from employment to entrepreneurship. Today, new businesses ranging from electronics and computers to automotive and machine repair, give vitality to urban economies. This multiplier effect - small enterprises being created to meet new demands of larger industries and populations - provides the major impetus to growth in many countries.

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39. UNDP support of entrepreneurs, particularly in small businesses, is intimately linked to these urban patterns. Sixty per cent of all gross national product (GNP) is produced in cities and UNDP technical assistance supports both planning and productivity in a manner that will best balance and sustain their development. This effort is based on experiences gained in financing more than 7,700 urban-related projects at a cost of over $3.5 billion in programmes since 1972.

40. But the modern megalopolis also generates fear. Originally the centres of religion, culture and commerce, cities have grown so large that they destroy as well as create. Inner cities decay while the outer rings of slums grow. Pollution is so intense in some cities that populations are at risk. Waste management, i.e. what to do with our garbage, has become the largest budget item for many cities, yet many municipal governments collect few taxes with which to provide public services and incentives.

41. UNDP is collaborating with the World Bank and others in exploring ways to overcome these fundamental problems. A basic issue is how to provide services to the growing number of urban poor and destitute. In San Salvador, El Salvador, UNDP is helping to build a new community for 2,500 families displaced by an earthquake, with funds from the Italian Government and technical assistance from a local NGO. Another issue is how to build, maintain and administer cities in a more efficient, less costly manner while still providing these basic services to everyone. An adequate response requires the full range of social services as well as a base of expanding economic opportunities. UNDP pilot projects support basic urban services as well as giving technical assistance to create the legal and financial framework that Governments need to plan, budget, operate and maintain such services.

42. UNDP encourages population policies consistent with respect for human dignity and family values. Such policies are consistent with the UNDP urban programme.

III. SPECIAL CHALLENGES, SPECIAL RESPONSIBILITIES

43. In 1988, Governments from the largest and most powerful to the smaller and more vulnerable turned to the United Nations and its specialized agencies to help cope with dilemmas that were taking a tremendous toll in human life and well-being. UNDP was called upon to identify and support economic programmes to complement the peace process in Afghanistan and Central America. We responded to devastating floods in Bangladesh and the Sudan. We are also working with other United Nations agencies to assist the increasing numbers of refugees, returnees and displaced persons.

A. Natural disaster response

44. The year 1988 was marked by one natural disaster after another. UNDP aided flood victims in Bangladesh, those made homeless by hurricanes in the Caribbean and the thousands who suffered from earthquakes in Nepal and China. Seldom has a UNDP Resident Representative and staff come under more pressure than in Sudan, a nation plagued by locusts, flooded by heavy rains, burdened with a rising tide of...
displaced persons and torn by a continuing civil conflict that stymied aid efforts in the war-ravaged south. When the Nile overflowed its banks, UNDP staff in Khartoum managed to keep working in knee-deep waters that swirled about their office for over 72 hours. During the flooding, the Resident Representative held meetings with other United Nations and relief agencies every day to discuss needs and to co-ordinate the delivery of supplies. Despite the pressure, the World Bank and UNDP helped the Government of Sudan draw up a $407 million relief plan that garnered $309 million at a donors meeting in November. (See DP/1989/13/Add.1, part VI for information on specific emergency activities.)

45. Sudan was also one of the countries on the receiving end of a $3.3 million UNDP initiative to combat the spread of locusts throughout much of North Africa and the Sahel. The resurgence of the locust plague led UNDP to convene a conference in Cairo to look beyond the traditional remedy of spraying insecticides. As a result, UNDP and the Food and Agriculture Organization of the United Nations (FAO) are spearheading a scientific research programme to search for biological methods of control that will be safer, more efficient and longer-lasting than traditional spraying.

B. Supporting peace

46. UNDP was called upon by the Secretary-General to assume special responsibilities in a number of war-torn areas. In support of the Central American peace plan, a UNDP-led team produced the Special Plan of Economic Co-operation for Central America, which was approved by the General Assembly in May 1988. The Plan emphasizes the benefits to be derived by the Governments of the region from working towards more interdependent economies. Its aim is to mobilize $4.3 billion from the international community.

47. The Plan gives priority to assisting refugees, repatriated and displaced persons with food aid, the development of small enterprises and the creation of a regional energy grid. It also focuses on external debt-servicing and the reactivation of the Central American Common Market, as well as projects promoting industrial rehabilitation, agricultural development, trade, infrastructure, health, education, employment, tourism, food security and co-operatives. Special Programme Resources (SPR) of $20 million were allocated for the Plan at the 1988 meeting of the Governing Council.

48. UNDP worked with the rest of the United Nations system on urgent preparations to resettle 5 million Afghan refugees. In view of the continued hostilities in much of the country and in collaboration with the Office of the Co-ordinator for United Nations Humanitarian and Economic Assistance Programme relating to Afghanistan, UNDP set up its first "cross-border" programme, working with returned refugees in Afghanistan from field headquarters located in Pakistan. UNDP will provide managerial and technical support to 50 NGOs offering humanitarian assistance. Projects will also mobilize United Nations volunteers to help supervise programmes and develop skills in public works, agriculture and veterinary services. In addition, decentralized planning units to rehabilitate rural public works and irrigation systems will be supported.
49. UNDP asked the Governing Council for an increase of $4 million to improve further the living standards of Palestinians residing on the West Bank and in Gaza. UNDP also continues to support the developmental work of the Mekong Committee, which brings together Asian neighbours whose common interest in the life-giving Mekong river is stronger than the political issues that divide them.

50. The year 1988 saw a major increase in UNDP involvement with refugees, returnees and internally displaced persons. The need for additional resources for relief, rehabilitation and development in regions of conflict has never been more acute. To assist in defining policy in this area, a task force chaired by the Director of the Regional Bureau for Africa was established. Its function is strictly advisory, with the bureaux maintaining operational responsibility for UNDP activities in their respective regions.

51. The requests to the Secretary-General reflect the vigorous role that Governments expect the United Nations to play in addressing major problems. The UNDP country network and its close contact with Governments enable it to help the Secretary-General and the United Nations system to respond quickly and efficiently to these concerns which transcend national boundaries.

IV. ORGANIZATION AND OPERATIONS

A. Co-operation and co-ordination

52. The activities described above suggest that the co-ordinating role of UNDP - often carried out through the UNDP Resident Representative serving as United Nations Resident Co-ordinator - has become more important than ever. There are many other examples of how United Nations system agencies work together, often co-ordinated by the United Nations Resident Co-ordinator. In Costa Rica, the World Bank funded a study on the social dimensions of adjustment, which it asked the United Nations Resident Co-ordinator to present to the Consultative Group. In Benin, the Resident Co-ordinator is putting together a programme with the United Nations Educational, Scientific and Cultural Organization (UNESCO) to overhaul the educational system.

53. Round-tables. Since 1985, 28 countries have participated in round-table meetings, chaired by UNDP, which are designed to co-ordinate all sources of aid within the framework of the macro-economic and social plans of recipient Governments. At the five African round-table meetings held in 1988, economic reform and structural adjustment were major themes. Donors attending these round-table meetings pledged more than $1 billion annually for development over the next two to three years. Four round-table meetings held in 1988 for Asian and Pacific States also garnered record contributions for the programmes of the countries concerned.

54. Consultative Groups. UNDP and the World Bank are working more closely through their 1987 agreement to collaborate on Consultative Groups as well as on the round-table process. The World Bank chairs the Consultative Groups, while UNDP chairs the round-table meetings. In 1988, 10 Consultative Groups were held in Asia,
Africa and the Caribbean. In Asia, UNDP was responsible for the technical assistance component of the four 1988 Consultative Group meetings. At the round-table meeting on Bhutan, the World Bank's Economic Report on Bhutan was used, while UNDP and the Government prepared the sectoral analysis, project profiles and development co-operation report. The result is a strengthened aid co-ordination process.

55. Other World Bank Co-operation. UNDP and World Bank co-operation on interregional and global projects in water and sanitation, energy, trade liberalization and agriculture also continues to expand. Their Promotion of the Role of Women in Water and Environmental Sanitation Services programme, known as PROWESS, now operates in over 50 countries. Joint efforts to devise appropriate energy policies and investment strategies are carried out in over 60 countries. They co-sponsor research by the Consultative Group on International Agricultural Research (CGIAR), whose research organizations have an annual budget of $240 million. Both are working to have forestry and environmental concerns placed higher on the CGIAR agenda. Consultation on these and other issues is facilitated by the joint UNDP and World Bank Task Force.

56. NATCAPs. NATCAPs are designed to strengthen the ability of Governments to plan, manage and monitor all technical co-operation assistance. NATCAP exercises, already under way in 10 African countries, will be integrated into the round-table as well as the Consultative Group processes to better co-ordinate policy, investment and technical assistance actions. In 1988, an improved methodology was developed that will enable a larger number of countries to participate. Seven NATCAPs are scheduled for Africa in 1989.

57. Office for Project Services (OPS). Governments continue to ask UNDP to provide more management services, including management of government funds, World Bank loans and bilateral grants. Aggregate budgets for all management services provided through OPS to recipient countries, including pipeline projects, exceed $400 million. Most of these funds are provided bilaterally, with donor and recipient using the services of OPS to design and carry out the project. Several of these management services, such as the rehabilitation and development projects funded by the Government of Italy in Chad and the Sudan, involve major construction efforts, the rebuilding of roads, water supply systems, hospitals and schools.

58. OPS expanded its operation for the fourth straight year. Project expenditures in 1988 topped $200 million as compared with $65.9 million five years ago. On behalf of the International Fund for Agricultural Development (IFAD), OPS has set up a special unit, which in 1988 administered 38 loan projects valued at $330 million targeted at rural communities and smallholders. In Bolivia, OPS has been designated as procurement agent for public sector entities to adjudicate the purchase of goods as well as contracts for services and works. By the end of 1988, the OPS procurement office in La Paz had received requests for procurement assistance worth over $230 million. This arrangement, new to UNDP, appears to be unique in development co-operation.

59. Technical Co-operation among Developing Countries (TCDC). UNDP continues to support and promote TCDC. It co-ordinates TCDC policies and procedures with United...
Nations development system agencies and other organizations and supports TCDC programming exercises. The second meeting of TCDC focal points of United Nations development agencies, convened by the Special Unit for TCDC in February 1988 and attended by 16 organizations, made many recommendations, including the greater integration of TCDC in United Nations system-funded projects.

B. Staff

60. A critical issue facing UNDP is the conditions of service of staff as well as the technical personnel employed by the agencies. The success of UNDP programmes depends largely upon their quality and effectiveness. The recent deterioration of conditions of service, including salary levels, severely limits UNDP ability to obtain and retain highly qualified personnel. Within the projects UNDP financed in 1987, 537 cases of resignations and requests for transfer, early separations, non-renewal of contracts and refusals of offers were brought to the attention of headquarters.

61. On the strength of this evidence, and continuing pressure from the Common System organizations, the International Civil Service Commission (ICSC) recommended and the General Assembly approved temporary measures, implemented in 1988, to provide relief to the most severely affected locations - those with low and negative post adjustment. While such measures have eased the crisis, the UNDP financial package for the field is still not fully competitive with those offered by many of the bilateral and multilateral agencies.

62. UNDP is therefore encouraged that the General Assembly has requested ICSC to give highest priority to the comprehensive review of the conditions of service of the staff in the Professional and higher categories, and to allow for the fullest participation of organizations and staff representatives. UNDP is committed to seeing that the Comprehensive Review develops a revised compensation package, with emphasis on innovative approaches to hardship and mobility - aspects central to improving working conditions of staff in the field. UNDP is also taking a fresh look at its own employment conditions to ensure that it has the structures and capabilities to carry out the management activities proposed for the 1990s. This evaluation of UNDP structure is being done in the context of the Comprehensive Review.

C. Project review, approval and delivery

63. Project expenditure rose for the fourth straight year with an increase from $702.1 million in 1987 to $832 million in 1988. This increase in delivery enabled UNDP to field 8,664 international experts and consultants and 9,877 national experts during the year. The number of national experts increased more than 100 per cent over 1987, while the number of international experts increased only slightly. This dramatic doubling in the number of national experts enabled UNDP, for the first time, to field more national than international experts. During 1988, a total of 14,099 fellowship placements were made for study abroad, an increase of almost 2,500.
64. The Action Committee, created in October 1986, has become a basic tool for senior management to ensure the quality of project design. In 1988, the Committee approved 456 new projects and project revisions with a total value of $684 million. Since its inception in October 1986, it has approved 1,179 projects with a total value of $1,669 million. Because of the 1987 decision to permit field offices to authorize projects with proposed expenditures of up to $700,000 rather than $400,000, fewer projects were approved by the Action Committee in 1988 than in 1987.

65. The total number of all new projects approved in 1988 was 1,794. Their value was $708.5 million.

D. Resources

66. At the Joint Pledging Conference for Development Activities in November 1988, total contributions to UNDP and associated funds climbed above the previous year's record high by 18 per cent and are expected to reach a new peak of $1.3 billion.

67. Governing Council decision 88/31 of 1 July 1988 increased the fourth cycle indicative planning figure (IPF) by $490 million, with an additional $110 million allocated to SPR. The expected programme expenditure for 1988 is estimated to be slightly higher than the forecast of $660 million. For the fourth cycle, further increases of approximately $100 million per year are targeted for 1989-1991. These amounts do not include cost-sharing, which is expected to be approximately $135 million per year. In order to reach the IPF expenditure targets, approved budgets in excess of $1 billion will be necessary for 1989, 1990 and 1991.

68. As we approach a new decade, UNDP continues to search for the best means at its disposal to help the Governments of developing countries to overcome the challenges presented by a more competitive global economy. UNDP will continue to centre its activities on technology, the major engine of productivity increases and growth. It will continue to deepen and refine its initiatives in encouraging greater participation in development on the part of women, NGOs and the private sector. In particular, we are committed to helping Governments to strengthen their managerial institutions and capabilities as they seek to cope with a more complex economic environment. Finally, UNDP looks forward to the necessary dialogue with Governments on such major issues as how UNDP can best help Governments to achieve economic growth while sustaining their environment.