

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP

Distr.
GENERAL

DP/1982/ICW/3
4 August 1982

ORIGINAL: ENGLISH

GOVERNING COUNCIL
INTERSESSIONAL COMMITTEE OF THE WHOLE
First session
13-15 September 1982, New York
Agenda item 3

P O L I C Y

REVIEW OF THE FINANCIAL RESOURCE SITUATION, PROSPECTS
AND NEEDS OF UNDP FOR THE THIRD PROGRAMMING CYCLE, IN
THE LIGHT OF THE GOVERNING COUNCIL'S APPEAL TO ALL
COUNTRIES, AND IN PARTICULAR TO THOSE WHOSE PREVIOUS
CONTRIBUTIONS MAY HAVE BEEN BELOW THEIR CAPACITY TO
PLEDGE, TO STEP UP THEIR VOLUNTARY CONTRIBUTIONS

Immediate resource requirements for 1982-1983

Note by the Administrator

1. An analysis of the financial resource situation, prospects and needs of UNDP for the third programming cycle, 1982-1986, has been provided in document DP/1982/ICW/1, which also includes annualized forward planning scenarios corresponding to four different situations:
 - (i) Delivery of the full third cycle programme envisaged in Governing Council decisions 80/30 and 81/16 (table 1 of DP/1982/ICW/1);
 - (ii) Delivery of the programme at the level envisaged in the country programmes covering third cycle periods so far approved by the Council, namely at 80 per cent of IPFs (table 2 of DP/1982/ICW/1);
 - (iii) Delivery of the programme within resource limits indicated by a level of contributions valued at \$675 million for 1982 and increasing by only 7.5 per cent a year (table 3 of DP/1982/ICW/1); and
 - (iv) Delivery of a minimum programme in the third cycle which is at least as much as the second cycle programme in real terms (table 4 of DP/1982/ICW/1).

Full 100 per cent IPF programme

2. It will be seen from table 1 of DP/1982/ICW/1 that for this scenario voluntary contributions are indicated in the amounts of \$991 million in 1982 and \$1,130 million in 1983, based on the assumptions contained in Council decision 80/30.

3. Taking into account resources valued at \$675 million available so far for 1982, the additional resource needs would be \$316 million for 1982 and, for 1983, a total of \$1,130 million, or \$404 million more than presently indicated in table 3.

Level envisaged in approved country programmes (80 per cent of IPFs)

4. Table 2 of DP/1982/ICW/1 shows contribution requirements under this scenario of \$905 million for 1982 and \$996 million for 1983, taking into account the need to have a smooth progression in contributions from year to year. Allowing for the resources valued at \$675 million now available, the additional amounts required for 1982 would be \$230 million and the total contributions required for 1983 would be \$996 million, or \$270 million more than presently indicated in table 3.

Programme level forced by present adverse resource outlook

5. The scenario in table 3 of DP/1982/ICW/1 merely reflects the reality of the present in regard to 1982 contributions and the bleak outlook for resources. However, the IPF and related programme level of about \$560 million for each of the years 1982 and 1983 had been fixed and communicated to Governments in good faith in 1981 and, in the Administrator's judgement, UNDP has a responsibility to deliver these programmes. To deliver even these reduced programmes without incurring deficits, and without resorting to the Operational Reserve, a larger amount of resources than that foreseen in table 3 will be required, namely \$720 million instead of \$675 million for 1982, and \$753 million rather than \$726 million for 1983.

Third cycle programme equal at least to second cycle in real terms

6. As shown in table 4 of DP/1982/ICW/1, the delivery of a third cycle programme equal at least to that of the second cycle in real terms would require for 1982 and 1983 contributions of \$833 million and \$916 million, respectively. Taking into account 1982 contributions valued at \$675 million which are available so far, additional contributions would be required in the amount of \$158 million in 1982; and total contributions required for 1983 would be \$916 million, or \$190 million more than presently forecast in table 3.

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7. UNDP should seek to deliver the programme to the full extent of the 1982-1986 IPFs as determined by the Governing Council in decision 80/30 and reaffirmed by the Council in decisions 81/16 and 82/5. However, the resource shortfall for 1982 has become so serious that to get it back on a course adequate to meet the needs of the full programme will require major decisions, especially on the part of large donors, following the work of the Intersessional Committee. This is bound to take substantial time and effort. Pending such major actions to mobilize the full extent of resources implied in decision 80/30, UNDP must, as an absolute minimum, pace its operations in 1982-1983 at a level corresponding to a programme delivery in the third cycle of at least as much in real terms as during the second cycle. This would leave the need open for a further substantial recovery in the latter years of the third cycle so as to enable UNDP, as far as possible, to deliver the full extent of the IPFs. Accordingly, for 1982 and 1983, requirements for contributions must be affirmed at least in the amounts of \$833 million and \$916 million, respectively.

8. The Administrator therefore suggests that, for the short term, the Intersessional Committee should initially bend its efforts towards mobilizing additional contributions of at least \$158 million for 1982 and total contributions of \$916 million for 1983, to deliver the same programme in real terms as in the second cycle and as a first step towards meeting the requirements of the full third cycle programme.

