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GOVERNING COUNCIL  
SPECIAL MEETING ON PREPARATIONS FOR THIRD  
PROGRAMMING CYCLE, 1982-1986  
11-15 February 1980  
Agenda item 2

TRANSITION FROM THE SECOND UNDP PROGRAMME  
CYCLE, 1977-1981, TO THE THIRD CYCLE, 1982-1986:  
LIMITED BORROWING FROM THE THIRD CYCLE

## Report of the Administrator

### Summary

In response to the decision adopted by the Council at its twenty-sixth session (decision 79/31, operative paragraph 9, E/1979/40, chapter XXI), the Administrator is submitting a proposal for limited borrowing from the third cycle for certain programmes, subject to over-all resource availability, and provided that this is compensated by under-spending in certain other programmes in this cycle.

1. At its twenty-sixth session in June 1979, the Governing Council considered the report of the Administrator on the Mid-term Review of the Second IPF Cycle 1977-1981 (DP/390) and, inter alia, took the following decision:

"Invites the Administrator to submit to the Council at the twenty-seventh session a proposal for limited borrowing from the third cycle for certain country programmes in order to provide a smooth transition from the current cycle to the next, provided that this is compensated by under-spending in certain other country programmes in the current cycle due to unavoidable circumstances;" (decision 79/31, operative paragraph 9, E/1979/40, chapter XXI).

2. After a careful review of the programming and delivery situation in all Indicative Planning Figure (IPF) programmes, the Administrator expects that the total IPFs in the current cycle 1977-1981, amounting to approximately \$2.5 billion, are likely to be under-spent to the extent of some \$100 to \$120 million, due to unavoidable circumstances or special situations prevailing in some of the countries and intercountry programmes.

3. It is believed that a large part of these resources could be programmed and delivered in the present cycle in a number of programmes where a significant increase in the third cycle IPF is anticipated, thus allowing a smooth transition from the current cycle to the next. However, this can only be done if sufficient lead time is available for programme planning so that delivery can take place in the current cycle. For this reason, the Administrator is making this submission to the special meeting of the Governing Council in February 1980, instead of waiting for the twenty-seventh session.

4. The Administrator recommends that the borrowing should take place for countries where it is estimated that the IPFs will increase by some 50 per cent or more in the next cycle, based on the modest assumption, for this purpose, of an annual growth in contributions of 10 per cent (as shown in the note by the Administrator on preparation for the third cycle, 1982-1986, DP/425). It is understood that any borrowing for countries eligible under the above formula will be for those in a position to use it and in amounts that will ensure a smooth transition, up to a maximum of 20 per cent of the individual second cycle IPF. Further, the total amount of borrowing will not exceed the estimated total amount of under-spending. It is also understood that the amounts borrowed in the second cycle will be a first charge against the respective third cycle IPFs and that the under-spending against any IPF will be added to the respective IPFs for the next cycle.

5. The Council's decision quoted in paragraph 1 above referred to certain country programmes: it did not refer to the regional programmes. It is anticipated however that out of the likely under-spending of some \$100 to \$120 million, about one-fifth would be under-spent in three of the five regional IPFs. The Administrator, therefore, believes that the Council may wish to authorize borrowing from the third cycle for two regional programmes up to the amount of the anticipated under-spending in the current cycle in the three

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regional programmes. The amounts borrowed would not exceed 15 per cent of the individual second cycle regional IPFs. Here, again, the borrowing would be deducted from the respective third cycle IPFs and any under-spending would be added on.

6. The Administrator fully recognizes that the arrangements outlined above can be put into effect only to the extent that the resources situation of UNDP would permit. Accordingly, the extent of borrowing for individual programmes and the total amount of borrowing will be vigorously controlled by the Administrator to ensure that it does not exceed the resources available for the current cycle.

Recommendation of the Administrator

7. The Administrator recommends that:

The Governing Council,

- (a) Authorize the Administrator, subject to over-all resource availability, to:
- (i) Apply, in the current cycle, an amount not to exceed the anticipated under-spending of certain country IPFs to other country IPFs which are expected to increase in the third cycle by some 50 per cent, or more, calculated on the assumption of annual growth in contributions of 10 per cent. The borrowing for individual countries will not exceed 20 per cent of the individual second cycle IPFs;
  - (ii) Apply, in the current cycle, an amount not to exceed the anticipated under-spending of certain regional IPFs to other regional programme IPFs. The borrowing from the third cycle will not exceed 15 per cent of the individual regional programme IPFs;
- (b) Agree that the amount to be borrowed from the next cycle for any country or regional programme, under the conditions spelled out in (a) above, be limited to the amount required to ensure a smooth transition from the current cycle to the next; and
- (c) Note that the amount of under-spending or over-spending in any IPF programme in the second cycle will be credited or debited to the respective third cycle IPFs.

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