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PROGRAMME PLANNING

Mid-term review of resources

Review of resources for the fourth programming cycle and fourth
cycle earmarkings for Special Programme Resources

Report of the Administrator

SUMMARY

This report is divided into two parts. Part one reviews the resource situation for the fourth programming cycle, following the 1990 pledging conference, in accordance with paragraph 14 (b) of Governing Council decision 88/31 A and paragraph 9 of decision 89/57 of 30 June 1989. It also sets out desirable indicative planning figure expenditure targets for the balance of the fourth cycle, and includes proposals for borrowing from future indicative planning figure entitlements.

Part two provides an update of allocations and commitments made under the various components of the Special Programme Resources in accordance with Governing Council decision 89/36 of 30 June 1989. Also in response to paragraph 4 of the same decision, it includes proposals for revised earmarkings as well as programming arrangements for selected categories of activities financed from the Special Programme Resources.

INTRODUCTION

1. This report is divided into two parts each dealing with separate, though related, fourth cycle issues. Part one deals with the latest resource outlook for the fourth programming cycle, reported to the Governing Council in accordance with paragraph 14 of its decision 88/31 A of 1 July 1988. In that decision, the Council authorized increases of indicative planning figures (IPFs) and Special Programme Resources (SPR). It further requested the Administrator to review annually the resource situation so as to ensure the validity of the assumptions underlying the increases authorized and to report to the Council on the results of the review. This part of the report also informs the Council of the IPF expenditure targets set by the Administrator for the years 1989-1991 in line with the Council's directions as contained in paragraphs 7 and 8 of its decision 89/57 of 30 June 1989. Furthermore, to facilitate a smooth transition to the fifth cycle, while achieving the programme-wide established expenditure targets, the Administrator proposes the Council's approval of arrangements for borrowing of IPF entitlements from the fifth cycle for certain programmes.

2. Part two of the report provides details on the status of commitments made under the various components of the SPR at 30 November 1989. In response to paragraph 4 of Governing Council decision 89/36 of 30 June 1989, the report includes proposals for an increase in the earmarking for SPR-financed disaster relief activities as well as the introduction of flexible programming arrangements for selected other categories. In addition, and in response to decisions 89/33 and 89/37 of 30 June 1989, it provides the latest available information on the actions and status of allocations made under the SPR with regard to (a) the Transport and Communication Decades for Asia and the Pacific, including Western Asia and (b) disaster rehabilitation and reconstruction assistance to Democratic Yemen.

Part oneRESOURCE OUTLOOK FOR THE FOURTH PROGRAMMING CYCLE (1987-1991) AND
PLANNED PROGRAMME EXPENDITURES FOR THE BALANCE OF THE CYCLE

I. LATEST RESOURCE FORECAST

3. In decision 88/31 A of 1 July 1988, the Governing Council authorized increased resource allocations for the fourth programming cycle (1987-1991) of \$676 million, as follows: \$490 million for country and intercountry IPFs; \$110 million for SPR; and \$76 million for agency support costs. In view of the uncertainties regarding the assumptions underlying the resource forecast on which the above additional allocations were based, the Council requested that the additional amounts be made available for commitments in a staggered manner, as follows: 50 per cent in 1988; 25 per cent in 1989; and the other 25 per cent in 1990. The release of the first and second tranches of the supplement were effected in respectively August 1988 and January 1989, when reviews of the financial situation by the Administrator confirmed the continuing validity of the resource assumptions underlying decision 88/31 A. The release of the remaining 25 per cent of the resources authorized by decision 88/31 A is conditioned on the resource outlook for the balance of the cycle. Table 1 provides details on the resource forecast as at November 1989.

Table 1. November 1989 resource scenario for the fourth programming cycle compared with the resource forecast underlying Governing Council decision 88/31 A

(Millions of United States dollars)

	Prior to decision 88/31 A	Resource scenario as at 1 Nov. 1989 based on authorized levels, i.e., 75 per cent of decisions 88/31 A supplements	Resource scenario as at 1 Nov. 1989 if 100 per cent of decision 88/31 A supplements are to be released
(a) 1988/1989/1990 voluntary contributions	960/970/980	945/950/960	945/950/960
(b) Estimated annual growth rate in voluntary contributions after 1988	5%	0.5% in 1989 5% in 1990/91	0.5% in 1989 5% in 1990/91
(c) Appreciation of United States dollar against other currencies in 1990 and 1991, respectively	5%/5%	5%/5%	5%/5%
(d) Balance of resources at the start of the cycle	257	257	257
(e) Total 1987-1991 voluntary contributions	4 761	4 684	4 684
(f) Other income, 1987-1991	404	354	354
(g) Total resources, 1987-1991 (d+e+f)	5 422	5 295	5 295
(h) Field programme expenditures	3 960 <u>a/</u>	4 502 <u>b/</u>	4 662 <u>c/</u>
(i) UNDP core administrative support	786	804	804

Table 1 (continued)

	Prior to decision 88/31 A	Resource scenario as at 1 Nov. 1989 based on authorized levels, i.e., 75 per cent of decisions 88/31 A supplements	Resource scenario as at 1 Nov. 1989 if 100 per cent of decision 88/31 A supplements are to be released
(j) Change in operational reserve	-	-	-
(k) Balance of resources as at end 1991 g-(h+i+j)	676	(11)	(171)

a/ Includes delivery of third-cycle of IPF carry-over of \$237 million, \$3,158 million fourth-cycle IPFs as well as \$76 million SPR (representing 77 per cent of the total fourth-cycle SPR resources of \$99 million, including \$22.6 million carry-over from third cycle), \$15 million of Special Industrial Services (SIS), \$25 million of sectoral support and \$449 million associated agency support costs.

b/ Includes delivery of third-cycle IPF carry-over of \$237 million, \$3,524 million of fourth-cycle IPFs at 75 per cent authorized by decision 88/31 A, \$136 million for SPR (which is 75 per cent of \$182 million SPR available for commitment during the fourth cycle, i.e., \$159 million of fourth-cycle SPR at 75 per cent of the supplementary amount authorized plus \$22.6 million third-cycle carry-over), \$56 million for programme support activities, \$15 million of SIS, \$25 million of sectoral support and \$509 million associated agency support costs.

c/ Includes delivery of third-cycle IPF carry-over of \$237 million, \$3,645 million of fourth-cycle IPFs (at 100 per cent authorized by decision 88/31 A), \$157 million for SPR (which is 75 per cent of 209 million SPR available during fourth cycle, i.e., \$186.4 million which is 100 per cent of amount authorized for fourth cycle plus \$22.6 million third-cycle carry-over), \$56 million for programme support activities, \$15 million (SIS), \$25 million of sectoral support and \$527 million associated agency support costs.

4. The main differences between the November 1989 resource forecast and the resource scenario underlying decision 88/31 A can be summarized as follows:

(a) Under the November 1989 forecast, the total amount of voluntary contributions for the 1987-1991 period is \$77 million lower, as follows: (i) the United States dollar exchange rate fluctuations in both 1988 and 1989 resulted in \$35 million less voluntary contributions than originally foreseen for the two years

combined; (ii) 1990 voluntary contributions are now estimated to amount to \$960 million instead of the original forecast of \$980 million, or \$20 million lower; and (iii) if the same assumptions underlying the 88/31 resource scenario are applied to this lower 1990 voluntary contributions base (a 5 per cent growth rate in voluntary contributions in local currencies and an annual appreciation of the United States dollar of 5 per cent each year) the voluntary contributions for 1991 could be expected to be \$22 million lower than the original forecast;

(b) The amount of "Other income" for the 1987-1991 period is likely to be some \$50 million less than forecast under the 88/31 A scenario. This is partly a result of lower "Other income" in 1989 caused by exchange rate losses on liquid holdings. In addition, reduced levels of liquid holdings over the next two years are expected to result in decreased interest earnings as compared to the scenario underlying decision 88/31 A;

(c) The November 1989 resource forecast reflects higher 1987-1991 field programme expenditures in line with the increased IPF entitlements. In addition, the November 1989 forecast includes an amount of \$56 million for programme support activities approved by the Council in decisions 89/58 and 89/59. This amount covers provisions for Development Support Services, support to the United Nations University (UNU), the special allocation for auditing and accounting support for government execution projects, and the cost of IAPSO (IAPSO);

(d) The amount of UNDP administrative and programme support costs for the 1989-1991 period included in the November 1991 forecast is \$18 million higher than reflected in the 88/31 A scenario, again based on decisions 89/58 and 89/59.

5. On the basis of the November 1989 resource forecast reflected in table 1 above, the Administrator considers it not financially prudent to release the remaining 25 per cent at this juncture, for the following reasons:

(a) Such a release would entail the establishment of additional IPF and SPR entitlements for a total amount of about \$150 million. If actual expenditures for the period 1990-1999 were to increase commensurately, including the relevant agency support costs, the present forecast indicates that this would result in a negative balance of resources of some \$171 million at the end of the current cycle;

(b) Moreover, if the expenditure targets for 1990 and 1991 were increased to ensure delivery of the fourth cycle IPFs at 100 per cent of the 88/31 supplement, a substantial reduction in expenditures would be necessitated in 1992 and 1993 based on current projections of resource availability for the fifth cycle. This would have serious negative consequences for the Programme;

(c) On the other hand, if the additional 25 per cent were to be released without a commensurate increase in expenditure targets for the remaining years of the cycle, the result would be a substantial carry forward of fourth-cycle IPF entitlements to the fifth cycle. This in turn could distort the resource allocation process for the fifth cycle because, as indicated under (a) above, such carry-forward of entitlements would not be backed by an equal amount of carry-forward of programmable resources.

6. Accordingly, the Administrator proposes to defer any decision on the release of the remaining 25 per cent authorized in decision 88/31 A until after the 1991 pledging conference in November 1990. At that time, final fourth cycle IPFs will be established either at (a) 75 per cent of the 88/31 A supplement (i.e., a formal cancellation of the remaining 25 per cent balance of the full supplement authorized in this decision) or (b) 100 per cent of the concerned supplement.

II. EXPENDITURE TARGETS

7. To facilitate an assessment of the impact of a further increase in IPF and SPR resource allocations in accordance with decision 88/31 A, the various resource scenarios reflected in table 1 assume that all such final allocations will result in expenditures during the 1987-1991 period. However, as documented in paragraph 12 of document DP/1989/54, and as further clarified in the Associate Administrator's oral presentation to the Governing Council at its thirty-sixth session (1989), the full delivery of all existing IPF entitlements (at 75 per cent of the 88/31 A supplement) would require a significant increase in the annual expenditure targets for the years 1990 and 1991 above the \$760 million target set for 1989. This, in turn, would necessitate a substantial reduction in the expenditures for the first years of the fifth cycle, even under the most optimistic growth scenario for the 1992/1996 period, as reflected in table 2 below.

Table 2. Possible IPF expenditure targets for the years 1990-1993 under different resource growth scenarios for the fifth cycle (1992-1996) a/

(Millions of United States dollars)

Annual volume contribution growth rate: assumptions <u>in fifth cycle</u>	1987/89 Expend.	1990 Expend. <u>target</u>	1991 <u>b/</u> Expend. <u>target</u>	Total 1987- 1991	1992 <u>b/</u> Expend. <u>Target</u>	1993 <u>b/</u> Expend. <u>Target</u>
8%	2 025	840	866	3 731	700	765
16%	2 025	840	866	3 731	770	922

a/ Figures are rounded off to the nearest million.

b/ Assuming no balance of programmable resources at the end of each of those years.

8. Consequently, as requested in paragraph 7 of Governing Council decision 89/57 and in order to avoid a significant reduction in the level of programming 1992 and 1993, the Administrator has established IPF expenditure targets for the remaining years of the current cycle at \$815 million for 1990 and \$825 million for 1991. Such targets will facilitate a smooth transition to the fifth programming cycle and

avoid disruptions in forward programming. Assuming an 8 per cent annual growth rate in voluntary contributions in the fifth cycle, this would result in the following expenditure profile for the period 1989-1993.

Table 3. Planned annual expenditures, 1989-1993

	<u>1987/88</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1987-91</u>	<u>1992</u>	<u>1993</u>
	(actuals)						
Exp. Target	1 265	760	815	825	3 665	800	800
Balance of Prog. Resources	499	413	259	76	-	(20)	(50)

9. The above expenditure profile for 1990-1991 will ensure an annual programme delivery during the current programming cycle in conformity with paragraph 7 of Governing Council decision 89/57. Assuming that fourth-cycle IPFs will stand at their presently authorized levels (at 75 per cent of the decision 88/31 A supplement), it will also entail a carry-over of fourth-cycle IPF entitlements to the next cycle of an approximate amount of \$107 million, i.e., about \$31 million more than the presently foreseen balance of programmable resources at end of the current cycle.

III. BORROWING ARRANGEMENTS

10. As mentioned in paragraph 9 above, the presently planned 1987-1991 IPF expenditure targets imply a carry-forward of existing IPF entitlements (at 75 per cent of the supplement) from the fourth to the fifth programming cycle of some \$107 million. However, because special political or other problems will affect programme delivery in a number of countries, it is estimated that the carry-over of IPF entitlements will be at least \$150 million. To achieve the aggregate IPF expenditure targets for 1990 and 1991, certain other countries should, therefore, be permitted to target for fourth cycle expenditures beyond their currently existing IPF entitlements.

11. For this reason, the Administrator requests the Council's approval of arrangements allowing the borrowing of IPF entitlements from the fifth cycle on the following conditions:

(a) Borrowing will be authorized only to the extent that it does not upset the financial integrity of the Programme and that total programme expenditures are kept within available resources;

(b) Borrowing will be authorized only for countries in a region up to the maximum of expected underexpenditures in the fourth cycle in respect of other countries in the same region;

(c) Borrowing will be authorized only for countries where the fifth cycle IPF is expected to be equal to, or higher than, the fourth cycle IPF;

(d) Borrowing will be authorized only up to a maximum of 15 per cent of the established fourth-cycle IPF (at 75 per cent of the decision 88/31 A supplement) for each country qualifying for borrowing;

(e) Borrowing for intercountry programmes will be allowed only up to the estimated extent of underspending in other intercountry programmes, and up to a maximum of 15 per cent of each fourth-cycle intercountry IPF (at 75 per cent of the decision 88/31 A supplement); for the purpose of borrowing from the fifth cycle, the global and interregional programmes may be counted together;

(f) In all cases, the borrowed amount will constitute a first charge against the corresponding fifth-cycle IPF;

(g) The Administrator will inform the Governing Council on the use of borrowing from the fifth cycle at its thirty-eighth session (1991).

12. The Council's early endorsement of these borrowing arrangements is especially important given the lead time required for project formulation and approval. In addition, several of the countries which would qualify for borrowing in accordance with the proposed criteria have by now almost fully committed their fourth-cycle IPF resources.

Part two

STATUS OF COMMITMENTS AGAINST SPECIAL PROGRAMMING RESOURCES

I. OVERALL STATUS

13. In paragraph 4 of its decision 89/36, the Governing Council requested the Administrator to submit proposals for the possible funding of SPR activities, within the context of the annual review of the resource situation. As shown in table 4 below, and as also earlier reported to the Council in document DP/1989/26, paragraphs 11 through 20, the possibility of funding additional SPR-financed activities is extremely limited under existing earmarkings. Most of the funds have been allocated and, as can be seen from column 6 of table 4, in several cases actual budgets approved at end November 1989 under specific earmarkings amount to over 80 per cent of the resources available. Given the present commitment levels against authorized earmarking for different categories of SPR-financed activities, UNDP will not be able to sustain several important SPR-financed programmes at current levels during the remaining two years of the fourth programming cycle. This situation may result in the need to curtail in midstream some of these successful programmes.

Table 4. SPR earmarkings as at 30 November 1989

(Thousands of United States dollars)

Category	Total earmarking available for commitment (as per decisions 85/16; 88/31; 89/36)	Fourth cycle				
		Allocations authorized and budgeted				
		Authorized for allocation	% (2)/(1)	Budgets approved <u>a/</u>	% (4)/(2)	% (4)/(1)
Disaster relief	30 000	24 864	83	17 460	70	58
Programme development	35 088	32 859	94	29 706	90	85
Aid co-ordination	18 000	16 627	92	15 058	91	84
Programme quality	7 188	6 970	97	6 013	86	84
New initiatives	6 800	6 716	99	6 259	93	92
Programme research	3 100	2 546	82	2 376	93	77
TCDC-related activities	9 225	6 600	72	3 834	58	42
Other activities	24 843	24 843	100	17 744	71	71
Unearmarked contingency	503	0	0	0	0	0
Subtotal	99 659	89 166	89	68 744	77	69
Management Development Programme	45 000	45 000	100	14 372	32	32
Assistance to Central American countries	15 000	15 000	100	7 931	53	53
TOTAL	159 659	149 166	93	91 047	61	57

a/ The allocated column represents actual budget commitments against authorizations for specific SPR-financed activities.

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14. Though it will be clear from table 4 that financial constraints exist with regard to each of the SPR earmarkings, the problem is especially acute with respect to the earmarkings for disaster relief and Programme development. With regard to disaster relief assistance, an attempt at an even distribution of resources during the previous years of the cycle has proven to be unrealistic in view of the number and magnitude of natural disasters which have struck a large number of developing countries during the last three years. As to Programme development, the various activities initiated and undertaken during the last few years under this heading have generated particular interest among developing countries and have resulted in a high level of commitment of resources. The keen interest in the different types of assistance, such as national technical co-operation assessments and programmes (NATCAPs), round-table meetings, environmental initiatives, the Project Development Facility (PDF), research activities, appears to represent the major reason for the intensity of funding requests during the past three years. Any disruption in the level of funding during the last half of the current cycle would, therefore, mean in effect that UNDP will not be able to respond satisfactorily to the needs of recipient countries in areas where the Organization is playing a crucial role. Paragraphs 16 and 17 below give details on the magnitude of the funding problem for these two categories of SPR activities.

15. The Administrator is aware of the Council's reluctance to endorse substantial increases in SPR earmarkings, both in general, as well as in relation to certain specific activities. The proposals contained in this document, therefore, provide the following two-pronged approach:

(a) An increase in the SPR earmarking for natural disaster-related assistance activities;

(b) A formal endorsement by the Council of programming arrangements which will allow UNDP a certain programming flexibility for selected categories of SPR funds. In view of the nature of these activities and the lead time required for their implementation, such programming flexibility will not result in fourth cycle expenditures in excess of the approved fourth-cycle earmarkings for the concerned activities.

The arrangements for such programming are listed in paragraph 18 below.

II. THE MOST URGENT ADDITIONAL FUNDING NEEDS

16. At end November 1989, 81 per cent of the resources available for commitment under SPR earmarking for disaster relief had been formally allocated. UNDP allocations in the wake of natural disasters amounted to approximately \$8 million during each of the first three years of the current cycle. The balance of uncommitted funds of \$6 million for the remaining two years is clearly insufficient to respond to future disasters in the same way as before. Accordingly, UNDP Resident Representatives have been informed recently that, until further notice, the maximum amount to be allocated for short-term disaster relief and longer-term disaster rehabilitation assistance will be reduced respectively from \$50,000 to \$30,000 and from \$1.1 million to \$200,000 per occurrence. The need for such a

significant reduction in the level of UNDP assistance is especially unfortunate as, with the advent of the International Decade of Natural Disaster Reduction (IDNDR), UNDP is expected to continue its vital role in response to disasters and in disaster-mitigation activities. The Administrator would like to restore the amounts of disaster assistance per occurrence for the 1990-1991 period to a level below the \$1.1 million but higher than the current ceiling. For this purpose, an additional amount of some \$6 million will be required. However, the actual amount needed could be lower if taken in conjunction with the proposals contained in paragraph 18 below.

17. The status regarding the different categories of SPR-financed activities under the heading Programme development is described below. For instance, under the earmarking Aid co-ordination, it will not be possible to finance all NATCAPs which are presently planned for the remaining period of the current cycle. Even assuming that future NATCAPs in least developed countries (LDCs) during the balance of the cycle will be financed from the Special Measures Fund for LDCs (SMF/LDC) or from other special contributions, the present programme would require an additional \$1 million of SPR funds for commitment during the next two years. An additional \$1 million will also be required to maintain minimum support for other aid co-ordination activities such as for round-table meetings and UNDP participation consultative group meetings. As concerns the PDF, the amount available as a result of decision 89/36 (approximately \$1.6 million) will, in all likelihood, be fully committed by the end of 1990. Additional resources in 1991 are indispensable to permit a timely build-up of the programme for the next cycle as this will require intensive project formulation activities during the last year of the current cycle. An additional amount of \$1 million for the PDF is necessary for the early formulation of quality projects to be ready for implementation during the first years of the next cycle. With regard to the earmarking for new initiatives, it will be noted that the concerned funds are now more or less fully committed. This means that the various special initiatives on environmental issues financed under this heading will already have to come to a halt in 1990. At least \$1 million will be required to continue minimum UNDP support to a variety of environmental programmes of the highest priority during the next two years. The total of additional SPR funds required to sustain essential Programme development activities at a meaningful level is, therefore, estimated to be at least \$4 million for the remaining two years of the cycle.

III. POSSIBLE ADDITIONAL ALLOCATIONS AND/OR SPECIAL PROGRAMMING ARRANGEMENTS TO MEET THE MOST URGENT NEEDS

18. With respect to the arrangement proposed in paragraph 15 (b) above, the Council's attention is drawn to the fact that UNDP resource planning mechanisms for the IPF programme include arrangements for limited overprogramming to ensure the delivery of available IPF resources to the fullest extent possible. Under existing arrangements, Resident Representatives and programme managers are allowed to commit (i.e., approve budgets) up to an amount of 105 per cent of authorized expenditure resources (normally the IPF level). Such overprogramming is necessary because of the existence of a slippage phenomenon which requires budgets in excess of actual

delivery planned. As shown in table 5 below, the experience during the third cycle indicates that the very special nature of SPR activities would justify an even greater programming flexibility than that accorded to the IPF programme. This is due to three factors in particular:

(a) Allocations for specific activities under the various SPR earmarkings are normally spread over the years of the cycle. This means that for longer-term activities (with multi-year budgets) allocations in the final years of the cycle will result in commitments and expenditures during the remaining period of the cycle which, by design, are less than the amount allocated;

(b) A major part of SPR-financed activities addresses problems and/or issues of a complex nature or involves projects to be implemented under less than optimum circumstances (e.g., longer-term disaster relief). Accordingly, the lead time for SPR project formulation and implementation is normally longer than for the average IPF-financed project. This again will result in a relatively long time lag between the date that resources are allocated for a specific project activity and the date that the first project expenditures are incurred;

(c) For the same reasons as mentioned under (b) above, the implementation rates (delivery against the approved annual budget) for several categories of SPR-financed projects tends to be lower than for the average IPF-financed project.

19. In the light of the above, the Administrator recommends the following arrangements for the Council's approval:

(a) An increase in the fourth cycle SPR allocation for disaster relief activities of \$3 million, with the endorsement of overprogramming arrangements for the SPR earmarking for disaster relief as specified under (b) below;

(b) A 15 per cent overprogramming flexibility with respect to the increased SPR earmarking of \$33 million for disaster relief, on the understanding that this will not result in 1987-1991 expenditures under this heading in excess of the amount officially earmarked for fourth-cycle SPR-financed disaster relief activities; the outstanding commitments at the end of the current cycle will then be a first charge against the corresponding earmarking for the fifth cycle;

(c) A 15 per cent overprogramming flexibility with respect to the existing earmarking of Programme development of \$34,975,000 (at 75 per cent of the 88/31 A supplement), on the understanding that (i) this will not result in 1987-1991 expenditures under this heading in excess of the amount officially earmarked for fourth-cycle SPR-financed Programme development activities; and (ii) this overprogramming flexibility will be used for additional commitments under the categories aid co-ordination, PDF and new initiatives.

Table 5. Status of third cycle SPR as at end 1986

	Earmarking (1)	Allocation (2)	Budget (3)	% (3)/(2) (4)	Expend. (5)	% (5)/(3) (6)	% (5)/(1) (7)
Disaster emergency	2 500	2 529	2 409	95	2 069	86	83
Disaster rehabilitation	20 769	21 557	19 090	89	11 320	59	55
Programme development	6 997	6 729	59	89	4 511	76	64
Aid co-ordination			3 710		2 968	80	
Programme quality			1 408		1 008	72	
New initiatives			850		535	63	
Contingencies and TCDC	24 379	<u>23 775</u>	<u>23 077</u>	97	<u>16 043</u>	70	66
Decade for Africa		3 000	3 000	100	1 885	63	
Assistance to the Palestinian people		12 621	12 621	100	8 079	64	
Pre-investment		1 100	457	42	310	68	
Others		2 633	2 658	101	2 308	87	
TCDC		4 350	4 341	100	3 461	80	
Unallocated		71					
Total	54 645	54 590	50 544	93	33 943	67	62

IV. DISASTER RELIEF TO DEMOCRATIC YEMEN

20. Following the widespread disruption to the infrastructure of Democratic Yemen caused by torrential rains and floods in early 1989, the Governing Council, in its decision 89/37 of 30 June 1989, requested the Administrator to consider the provision of additional assistance to Democratic Yemen from SPR beyond the normally authorized amount. The decision requested the Administrator to report on the matter to the Council at its thirty-seventh session. However, as action has been taken in the mean time, the Administrator is pleased to inform the Council that in August 1989 UNDP approved an SPR allocation of \$1,016,500 for a project aimed at restoring some 25 flood damaged schools in the affected areas. The UNDP financed inputs to be provided under the project comprise expert services (\$220,000), training (\$10,000) equipment (\$780,000) and miscellaneous provisions (\$6,500). The project will be complementary to capital assistance provided from the International Development Association (IDA)/World Bank (\$2 million). This allocation is in addition to the \$50,000 UNDP emergency relief assistance provided earlier in the wake of the 1989 disaster.

21. It should also be noted that the SPR allocation exceeded by \$616,500 the ceiling of \$400,000 per disaster occurrence, established by the Administrator on 18 September 1989 in the light of funding constraints under the concerned SPR earmarking. As mentioned in paragraph 16 above, this ceiling was later further reduced to \$200,000. In the case of Democratic Yemen, it was considered fully justified to provide this amount in view of (a) the country's LDC status; (b) the fact that assurances were given to the Council that UNDP would respond to the disaster in Democratic Yemen in an adequate manner before the allocations for this type of disaster were reduced; and (c) the considerable damage caused by the disaster, which may seriously affect the country's longer-term development.

V. TRANSPORT AND COMMUNICATIONS DECADE IN ASIA AND THE PACIFIC, INCLUDING WESTERN ASIA

22. In its decision 89/33 of 30 June 1989, the Governing Council requested the Administrator to continue to lend full support to the Economic and Social Commission for Western Asia (ESCWA) and the Economic and Social Commission for Asia and the Pacific (ESCAP) in their assigned roles as co-ordinators of the activities under the Transport and Communications Decade. The decision also noted that in 1990 the Council would review proposals for financing arrangements for the participation of UNDP in possible additional activities pertaining to the Decade, within the context of the overall review of the financial situation, in accordance with paragraphs 8 and 9 of its decision 89/57 of 30 June 1989.

23. In referring to the possible financing of additional activities, the Council also had in mind possible additional support to Decade activities in Western Asia. Out of a total fourth-cycle SPR allocation of \$6 million for the Decade for Transportation and Communication in the Asia and Pacific region, \$200,000 was allocated to activities in Western Asia, for a preparatory assistance project. It seems that the follow-up on this preparatory assistance phase may require funding of approximately \$1 million. It is noted that the regional bureau for Asia and t

Pacific has also identified some additional funding requirements for additional Decade activities in the region.

24. In the light of the overall SPR commitment, the Administrator is, however, not in a position to propose financing of additional Decade activities under SPR. Furthermore, the programming arrangements proposed in paragraph 19 with respect to the fourth cycle SPR earmarkings for disaster relief and programme development cannot be applied to the fourth-cycle earmarking for the Decade. For obvious reasons, overprogramming against fourth-cycle allocations is proposed only for programmes in respect of which a fifth-cycle earmarking is most likely. Based on views expressed by many members of the Council, a fifth-cycle SPR earmarking for activities in support of the Transport and Communications Decade is considered most uncertain as they are of a regular technical co-operation nature. For this reason, the Administrator will pursue the possible financing of any additional Decade activities during the fourth programming cycle from non-SPR resources.

