UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE GOVERNING COUNCIL

FIRST SESSION
(10-21 January 1966)

ECONOMIC AND SOCIAL COUNCIL
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## NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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INTRODUCTION


2. The present report was adopted by the Governing Council at its 19th meeting, on 21 January 1966, for submission to the Economic and Social Council at its forty-first session in accordance with paragraph 4 of General Assembly resolution 2029 (XX).
CHAPTER I
OPENING OF THE SESSION

3. The first session of the Governing Council was opened by the Secretary-General of the United Nations.

4. The Secretary-General stated that it gave him great pleasure to inaugurate the work of a new organ whose functions were of the greatest importance in helping the United Nations to fulfil its responsibilities under the Charter. The present session of the Governing Council marked the first step, at the governmental level, in the implementation of the General Assembly's decision to consolidate in a single enterprise the activities of the Special Fund and the Expanded Programme of Technical Assistance. The basic purpose of that decision was to ensure the more rational and more efficient organization and use of the principal resources of the United Nations system in order to provide to the developing countries, at their request, the very wide range of expert services, training facilities and pre-investment assistance in the economic and social fields which the United Nations and the associated agencies were capable of offering.

5. The Governing Council was thus initiating the most extensive co-operation and multilateral endeavour ever undertaken. It represented a coalition whose membership exceeded that of the United Nations itself, whose action was designed to combine and concord the talents and experience of virtually the entire United Nations family of organizations, and whose purpose was peaceful progress. The inauguration of the United Nations Development Programme (UNDP) was a most auspicious way in which to begin the new year, for it offered great promise of progress in dealing with the grave economic and social problems besetting more than half the world's population.

6. The Secretary-General extended his best wishes to the Governments participating in the United Nations Development Programme and to its administration, and expressed his confidence that their joint endeavours would enhance the effectiveness, scope and scale of the activities combined in the Programme.
CHAPTER II
ORGANIZATION OF THE SESSION

Attendance
7. The list of duly accredited representatives to the first session is attached as annex I.

Election of officers
3. The Governing Council, at the opening meeting of its first session, elected the following officers for 1966: Mr. Mario Franzi (Italy), President; Mr. Moraiwid M. Tell (Jordan), First Vice-President; Mr. S. St.A. Clarke (Jamaica), Second Vice-President; Mr. Mohammed El Merzou (Tunisia), Rapporteur.

Agenda
9. The agenda adopted for the first session was the following:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Adoption of the rules of procedure (DP/L.5).
7. Financial questions:
   (a) Status of contributions (DP/L.3, DP/L.4, DP/L.7);
   (b) Administrative budget estimates for 1966 (together with comments of the Advisory Committee on Administrative and Budgetary Questions) (DP/L.2 and Corr.1, A/6213);
   (c) Review of financial policy (DP/SF/L.2);
   (d) Question of the revision of financial regulations (DP/SF/L.3);


11. Date and place of the next session.


13. Other matters.

Summary records of meetings

10. The summary records of the meetings of the first session were issued as documents DP/SR.1-19.
CHAPTER III

ADOPTION OF THE RULES OF PROCEDURE

11. Under item 4 of its agenda, the Governing Council had before it draft rules of procedure for meetings of the Governing Council of the United Nations Development Programme (DP/L.5), which had been prepared in close consultation with the Office of Legal Affairs. These rules were based upon the relevant provisions of General Assembly resolution 2029 (XX), the rules of procedure of the Governing Council of the Special Fund (SF/3) and the pertinent rules of procedure of the Economic and Social Council (E/SC65) which governed the proceedings of the Technical Assistance Committee.

12. At its 1st meeting, the Council agreed to regard the relevant rule of its draft rules of procedure concerning the election of its officers as provisionally adopted, in order to permit the Council to proceed with the election of its First and Second Vice-Presidents and its Rapporteur for 1966.

13. At its 3rd meeting the Council decided to adopt provisionally the draft rules of procedure contained in document DP/L.5 and to consider them further later in the session.

14. At its 14th to 17th meetings the Council examined the draft rules of procedure. A number of points related to the draft rules of procedure were discussed in connexion with item 6 of the agenda (Organization of the work of the Governing Council and the Inter-Agency Consultative Board), in particular questions concerning sessions, officers, agenda, documentation etc. (see chapter V, paragraphs 110-122). The question of the election of officers was the subject of particular attention in the discussion of the draft rules of procedure. In this connexion the Governing Council had before it an amended text of rule 11 submitted by the representative of Bulgaria, reading as follows:

"The Governing Council shall, at the beginning of its first meeting each year, elect from among its members a President, three Vice-Presidents and a Rapporteur. The officers shall hold office until their successors are elected. In electing the officers, due account shall be taken of the need to ensure an equitable geographical distribution and rotation.

15. A number of members supported the idea of including a third Vice-President among the officers of the Council. Other members, however, had reservations about the amendment, and in particular about the third sentence, which required that in electing the officers the Council should take due account of the need to ensure equitable geographical distribution and rotation.

16. The representative of Jordan proposed the following text in substitution for the first sentence of the Bulgarian amendment:

"The Governing Council shall, at the beginning of its first meeting each year, elect a representative 'bureau' from among its members, composed of a President, a First Vice-President, a Second Vice-President, a Third Vice-President and a Rapporteur."
17. The representative of Bulgaria accepted the Jordanian proposal. He withdrew the third sentence of his proposed text and requested that it be adequately reflected in the report of the Council. For this purpose one member suggested that the Council should agree that in electing its officers the Council should take account of the need to ensure that each of the five groups of countries referred to in paragraph 1, subparagraphs (a) and (b), of the annex to General Assembly resolution 2029 (XX) be represented on the "bureau". In addition, the Council should also take due account of the need to ensure the rotation of the offices of President and Rapporteur among the five groups of countries referred to in the preceding paragraph.

18. The Council agreed to the text proposed by the representative of Bulgaria as amended by the representative of Jordan.

19. At its 17th meeting the Council adopted its rules of procedure, as contained in annex III of this report.
CHAPTER IV

REVIEW OF ACTIVITIES

20. Under item 5 of its agenda, the Governing Council considered: (a) statements by the Administrator (DP/L.8) and Co-Administrator (DP/L.9); (b) a report by the Administrator on the implementation of programmes approved by the Governing Council of the Special Fund at its second through fourteenth sessions (DP/SF/L.1 and Corr.1 and Add.1-2 and Add.3 and Corr.1). 1/ Part I of the report (DP/SF/L.1) analysed the growth and scope of Special Fund pre-investment assistance since the Fund's inception seven years ago; part II described the economic, technical and educational results of this assistance. Supporting statistical data were given in the annex to the report. Addendum 1 to the report showed the status of implementation of individual projects as of 30 September 1965; addendum 2 gave details of the association of assistance from other sources with the activities of the Special Fund; and addendum 3 gave summary descriptions of projects completed between 1 July 1964 and 30 June 1965.

Statement by the Administrator

21. The Administrator opened his report by emphasizing the historic significance of the creation of the United Nations Development Programme, putting it in the front lines of the global war on want.

22. Reviewing briefly developments in the Special Fund component of the Programme, he called attention to the fact that it currently supported 522 major pre-investment projects costing a total of $1,151 million, of which $473 million was being provided by the Special Fund and the equivalent of $673 million by the recipient Governments; 364 projects were operational and, the Administrator noted, for the first time 100 projects had reached the operational stage in a twelve-month period; some 70 projects had been successfully completed.

23. The Administrator went on to say that Special Fund projects were setting up 171 training institutions in sixty-four countries; 35,000 men and women were enrolled in these institutions and 60,000 had already completed training. In addition, 82 centres for advanced research were giving vital impetus to technological advance and economic growth.

24. Turning to the question of speeding implementation, the Administrator stressed that this matter remained of highest priority. A valuable meeting had been arranged between agency representatives, who had discussed ways to speed procurement,

organize procurement in advance of needs, improve procurement procedures and handle currency utilization problems. The success of this meeting suggested that similar discussion of recruitment problems would be useful. The Administrator proposed that a thorough study of present and expected recruitment needs and of recruitment and subcontracting methods be made.

26. Addressing himself to the United Nations Development Programme, the Administrator pointed out that it had inherited a set of basic concepts that were invaluable in providing it with tested precepts and practices: first, that the global war on want could be won; secondly, that development assistance was a matter of necessity, both for the nations that could give and for those that must receive; thirdly, that the work of development assistance could only be successful when it involved the full participation of developing countries themselves; fourthly, that the most enduring form of such assistance was that which resulted either in the strengthening of existing institutions within developing countries and regions, or in the creation of new institutions when necessary; and finally, that development assistance must be completely detached from political or ideological considerations.

27. In implementing assistance based on these concepts, the United Nations family of agencies had played an indispensable part. They had recruited some 3,300 international experts for the Special Fund and many thousands more for the Expanded Programme of Technical Assistance; procured over $100 million worth of imported equipment and services; supervised project execution, and—perhaps most important—acquired a body of experience which greatly strengthened their future capacity for service.

28. A major contributor to effective operations was the UNDP network of eighty-two field offices staffed by professional officers from fifty-six countries, who were doing outstanding work in helping Governments and executing agencies to identify needs, prepare requests, improve implementation, and ensure follow-up. Strengthening these field offices was basic to increasing the effectiveness of the United Nations Development Programme.

29. The results achieved over the past few years under the predecessor programmes fully substantiated the belief that when natural resources were accurately assessed, when people were adequately trained and educated, and when the power of modern technology was brought to bear upon development problems, substantial investment capital would be forthcoming. More than a quarter of a million people had received advanced education and technological training in their own countries. Twenty-five of the natural resources surveys carried out so far had already led to $1,500 million of investment capital. Such results illustrated the importance of the role of multilateral pre-investment assistance.

30. Turning to the future, the Administrator stressed that the unified policy guidance, headquarters management and field representation available under the new Programme would greatly strengthen in a number of ways the ability of the United Nations to give development assistance. Field offices responsible to a unified authority were better able to help Governments define over-all pre-investment needs, establish priorities, and formulate co-ordinated requests. The welding together of complementary types of aid gave UNDP greater capability to respond to needs. Economy and efficiency in the technical co-operation effort, and greater continuity and coherence of that effort, could be achieved through the more unified approach.
30. The Administrator next referred to the key role of the Governing Council. At its current session, he said, the Council would begin to mould UNDP into an ever more responsive and effective instrument.

31. On the administrative side, changes already under way were improving the machinery for evaluating requests for assistance on the basis of over-all country and regional needs. The establishment of three functional bureaux was a valuable administrative rationalization within which the arrangements for reporting and evaluation, in particular, would be strengthened. In time, UNDP would develop a records system embracing the full history of all areas of assistance undertaken by the United Nations family.

32. Describing the new programme of projects to be submitted to the Governing Council as in many respects one of the most pioneering, the Administrator referred to seven projects which represented entirely new fields of activity. Three were pilot projects in functional literacy training for adults; one was a pilot project establishing research and training programmes in community development; another involved assistance to an institute for population studies; and two more would support research and planning for realizing the economic advantages of man-made lakes.

33. Other recommended projects involved the provision of assistance on a refundable basis, including one for an industrial pilot plant.

34. Turning to the problem of speeding industrialization, the Administrator regretted that there were not more projects in that field. He welcomed the General Assembly's initiative in establishing the United Nations Organization for Industrial Development and stated that UNDP would, in co-operation with other United Nations organs and agencies, help developing countries to explore vigorously areas in which assistance to industrialization could be most useful.

35. The UNDP secretariat was urgently pursuing a variety of consultations to increase the activities of the Programme in the industrial field. A number of positive steps were being taken. Under consideration were the posting of industrial specialists to field offices and the possibility of providing technical assistance to departments of national development banks concerned with fostering industry. The Administrator reaffirmed that UNDP was ready, willing, able and eager to help Governments with all appropriate forms of assistance to industrial development.

36. The large number of Special Fund-type projects recommended for Council approval reflected both the growing volume and the changing nature of development needs. To meet this challenge, the Administrator would need authorization to raise the ceiling of project approval beyond uncommitted pledges and other funds from the present $62.8 million to $140 million, but no change was proposed in the present policy of signing only plans of operation for which funds were on hand.

37. The Administrator concluded by emphasizing the growing need for pre-investment aid. The very minimum goal here should be a doubling in the next five years of the $200 million which should be available for financing the pre-investment work of UNDP in 1967.

38. The President, at the request of the Administrator, invited the Co-Administrator to make a statement.
Statement by the Co-Administrator

39. The Co-Administrator made a brief review of the salient facts concerning the status of the work handed over to the Governing Council, in accordance with the terms of General Assembly resolution 2029 (XX), by the Technical Assistance Committee. He noted that the gross resources of the Technical Assistance component of UNDP at the beginning of 1966, which was the second year of a programme biennium, were estimated at $66.5 million. Charges to the Technical Assistance component anticipated for the year 1966 would be roughly equal to the level of anticipated gross resources, leaving virtually a nil balance in the Special Account at 31 December 1966.

40. In November 1966 the Governing Council would be called upon to approve recommendations for the category I technical assistance programme for the biennium 1967-1968, which had been planned in accordance with the customary procedures as provided in General Assembly resolution 2029 (XX). It was hoped to put before the Council a field programme amounting to $110 million for the biennium, or $55 million for each year - a $5 million increase over the annual programme approved by the Technical Assistance Committee for each year of the 1965-1966 biennium. Unfortunately, the increase would not represent a commensurate increase in man-months of training or expertise, since more than half the dollar increase was likely to be absorbed in the extra cost of expert services resulting from the revised salary scales approved by the General Assembly at its twentieth session. Since it was not expected that any balance would be carried forward from 1966, the Co-Administrator stated that an expansion of the technical assistance field programme such as he had mentioned would call for an increase in resources amounting to $5 million in 1967 and another $5 million in 1968. If that seemed to be a tall order, it should be viewed in the light of the new target figure of $200 million which had been established for UNDP as a whole.

41. The Co-Administrator also pointed out that the consolidation of the Expanded Programme of Technical Assistance and the Special Fund offered possibilities for increased flexibility in financial management. One point which might deserve consideration at the Council's next session was the future of the Working Capital and Reserve Fund, which had been established before the creation of the Special Fund to meet the working capital requirements of the Expanded Programme. The level of the fund had proved inadequate for current requirements, and it had been decided in 1965 to raise it from $12 million to $13.5 million in three equal annual instalments, of which the last would be made in 1966.

42. The merger of the two programmes, however, had introduced entirely new considerations. The financial policies of the Special Fund component of UNDP required that resources must be in hand to cover the full costs of projects for which plans of operations were signed, although cash disbursements for such costs were made only over a period of years. The result was that the cash reserves of the Special Fund were more than adequate to meet the current cash requirements of both programmes. There were already a good many short-term exchanges between the two programmes, to facilitate currency utilization, and an extension of that arrangement could probably serve to meet the technical assistance working capital requirements and permit discontinuance of the Working Capital and Reserve Fund as such.

43. With regard to the 1965-1966 biennium, the Administrator and he intended to present an interim progress report to the Council's second session, in summer 1966;
meanwhile they would be engaged in programming for 1967-1968 with a time-table allowing sufficient time for the formulation, review and consolidation of programme requests by Governments, participating organizations and the UNDP secretariat. In accordance with the existing resolutions covering the Technical Assistance component of UNDP, after setting aside the funds necessary for the development of regional projects, establishing a reserve to facilitate adjustments in the development of country and regional programmes at the planning stage, and leaving aside the funds corresponding to programmes financed from contributions and services, the sum of $94,214,000 had been taken as being available for the establishment of country targets for the formulation of category I programme requests. Letters had been addressed to the recipient Governments, requesting that their technical assistance requirements should be communicated to the Administrator and to the participating organizations by 13 May 1966.

44. In concluding, the Co-Administrator stated that technical assistance which, over the past fifteen years, had played an extraordinarily varied and flexible role in the help provided by the United Nations family of organizations to the developing countries, would continue to do so under UNDP. Most of the well-tested methods and procedures of the Expanded Programme of Technical Assistance would serve equally well in the future, but the new institutional framework and the opportunities which it brought for breaking new ground would certainly lead to constructive changes. As one who had seen the beginnings and the growth of international technical assistance, it was with a sense of promise renewed that he looked forward to a new and exciting phase in the development activities of the United Nations.

45. Members of the Council expressed appreciation of the statements made by the Administrator and the Co-Administrator.

46. There was general agreement that the creation of the United Nations Development Programme represented an event of historic significance for United Nations efforts to provide assistance to developing countries. In this connexion a number of members expressed their gratification at the achievements of the Expanded Programme of Technical Assistance and the Special Fund in the past, which had brought a heritage of impressive resources, valuable experience and competent leadership to the new Programme.

47. One member saw it as the initiation of a new and greater effort to forge an even more effective and flexible instrument in the United Nations family to provide technical and pre-investment assistance. Another described the merger as opening new vistas and giving much wider scope to international development programming through the United Nations family. Still another interpreted the establishment of UNDP as concrete evidence of the ever-growing understanding of the needs of the developing countries and an expression of international solidarity in seeking solutions to the problems of economic development of these countries. The hope was expressed that the creation of UNDP would mark a new upward trend in total development assistance and in the level of multilateral aid in particular.

48. There was considerable discussion of the advantages of the consolidated programme. Many members were in agreement with the Administrator's statement that the unified policy guidance, headquarters management and field representation
available under UNDP would mean improved ability to help Governments to define their pre-investment needs, would permit a more rapid response to requests for assistance, and would lead to greater economy and efficiency in the use of resources. Others considered that the consolidation of the programmes would lead to a streamlining of operations, the simplification of organizational arrangements and procedures, and the expediting of over-all planning and co-ordination. In addition, another member foresaw that the merger would help in working out a flexible formula to ease the financial liquidity problems within UNDP. It was also anticipated that improved co-ordination of the technical assistance activities of the entire United Nations family would result. A cautionary note, however, was struck by another member who said that it was premature to pass judgement on the degree of success of the merger, and that positive results from the unified machinery could not be guaranteed; the future should be allowed to prove the merits of the merger.

49. Many opinions were expressed on the co-ordination of the activities previously carried out by the Expanded Programme of Technical Assistance and the Special Fund. One member said that the merger did not represent a mere linking of organizational arrangements, nor a simple arithmetical integration of the two funds in order to bring about the most appropriate use of financial resources. The new organization would be required to apply the practical experience derived from the two predecessor programmes while discovering and exploring new methods, forms, techniques and procedures to carry out its task. Several members welcomed the fact that the two programmes within the joint framework would still maintain their own characteristics and work could therefore continue based on the experience of the past. On the other hand, another member thought it would be useful to evaluate the feasibility of retaining the special characteristics of the two earlier programmes after some experience had been gained in operating under the present arrangements.

50. The special importance to the smaller countries of activities of the type formerly carried out by the Expanded Programme of Technical Assistance was emphasized by some members. According to some other members, that type of assistance should pave the way for pre-investment projects by helping to identify problems which could be attacked with the greater resources of the Special Fund, should help in the pre-training of key people in the counterpart staff for Special Fund-assisted projects, and should provide the international expertise to help prepare for the implementation of recommendations made as a result of Special Fund-financed surveys and feasibility studies. One member stressed the necessity - since the merger of the two programmes had occurred - of closer co-ordination between the two types of activity and said that, although the elaboration and implementation of Special Fund projects did not have to be changed, technical assistance experts should be used more in the preparation and implementation of those projects; consequently, the distribution by country as practised under the Expanded Programme of Technical Assistance might prove to be inadequate, and it would be appropriate to envisage a global unallocated sum in the budget of the Technical Assistance component to permit the preparation and follow-up of Special Fund projects, which were approved every six months. Another member commented that though the Special Fund activities were concerned with comprehensive projects having a specific relationship to capital investment, they were none the less technical assistance, and considerable scope still existed for relating Special Fund activities more closely with those undertaken by the Technical Assistance component. In agreement with the remarks made by the Co-Administrator in his opening statement, one member expressed the opinion that the Working Capital and Reserve Fund of the Expanded Programme of Technical Assistance should be discontinued.
51. It was generally recognized that some structural and organizational changes would have to be made to meet the responsibilities of UNDP which, in the words of one member, had been given a mandate larger than the sum of the mandates of its predecessors. While one member hoped the organizational structure would be thoroughly reviewed as soon as possible, another thought that the new Programme must be given time to find its feet before changes in form and function were considered. Still another member said that the pattern followed should be that which had been tried and tested in the Special Fund.

52. The functions and responsibilities of the instruments of UNDP were discussed at some length. General satisfaction was expressed at the establishment of the new Inter-Agency Consultative Board in that it would enable each of the executing agencies to play a major part in making the total programme more effective. One member considered that the resulting co-ordination between agencies would not only avoid overlapping of activities but also result in their working together positively with, in consequence, more attention being given to the balance of the over-all programme of technical assistance activities. The advantages of closer relations between UNDP and the International Bank for Reconstruction and Development and its affiliates were commented on by several members. Attention was also drawn to the importance of the Bank's having a voice in questions related to assistance given by the Technical Assistance component as well as by the Special Fund. Several members also mentioned the opportunity provided by the Board for essential co-operation between UNDP and UNICEF and the World Food Programme.

53. Members were in general agreement on the key role of the Governing Council in providing policy guidance and direction for the new Programme as well as in achieving greater administrative efficiency, greater economy in the use of available resources, further co-ordination of field activities and better services for recipient Governments. There was some discussion as to how the Council could best assume and carry out its new responsibilities. Some members considered that policy guidance might best be given by the Council's considering those questions of principle which should guide the Administrator in submitting particular proposals to the Council for its approval. One member suggested the setting up of a programme committee to review and report to the Council on documentation submitted by the Administrator, particularly in regard to recommendations for new projects (see paragraph 119 below for the suggested terms of reference of the committee). Other members supported this suggestion. Still other members felt that such a committee would undermine the duty and right of individual Council members to examine and act on the Administrator's proposals. During these exchanges, several members pointed out that the Council was a legislative and policy-making body, while the UNDP secretariat was an administrative organ, and the two functions should not be mixed.

54. Considerable gratification was expressed by members at the action being taken to strengthen the machinery for reporting and analysing national and multilateral assistance programmes, in particular by the creation of the Bureau of Reports and Evaluation. One member commented that the work of the new Bureau would be followed with interest, since methods of evaluation were not as highly developed as they should be. Another urged that methods of evaluation should be improved to help Governments obtain knowledge they required. Several members commented in more specific terms on the need to know more about the impact of projects and the role former trainees were playing in their countries, while another member wanted to see evaluation take the form of a continuing appraisal of the effectiveness of programmes already begun with a view to deciding on their continuation or modification, or so that they could provide lessons for future operational activities.
55. More detailed information was requested by several members because their countries were interested in associating bilateral programmes with Special Fund-assisted projects and felt that smoother co-operation between multilateral and bilateral efforts would be achieved if more was known about work under way or already completed. In addition, reports on projects already completed could provide a valuable source of information on investment opportunities and other economic data of interest to industry. Another member pointed out that the Administrator should take into consideration the fact that recipient Governments were fully capable of evaluating projects in a most constructive way. He also attached importance to the unbiased and thorough evaluations made by the resident representatives and the participating agencies.

56. Reference was also made by several members to the study being carried out under the auspices of the Economic and Social Council of the impact technical assistance was having on the economies of four developing countries. The establishment of the Economic Projections and Programming Centre at United Nations Headquarters, with regional centres in the regional economic commissions, was also referred to.

57. Several members commented on the fact that the Governing Council was now authorized to provide general guidance and direction for the United Nations regular programmes of technical assistance. It was felt that this would greatly facilitate the task of over-all planning and co-ordination of United Nations development activities. In this connexion, some members felt that co-ordination and planning would be further improved if the Council were to be provided with first-hand information on the activities being carried out under the regular programmes of the specialized agencies and the International Atomic Energy Agency (IAEA). One member pointed out that, in view of the many difficult problems before it, the Governing Council should, as soon as possible, formulate general principles to govern the activities of UNDP. Its principles should preserve the best of the criteria applied by the Expanded Programme of Technical Assistance and the Special Fund regarding voluntary contributions, universality, non-intervention in the domestic affairs of assisted countries etc. In his view, UNDP should concentrate on important large projects, including investment and pre-investment work.

58. The Council welcomed the Administrator's statement on the activities of the Special Fund component of UNDP and noted with satisfaction that the Special Fund had undertaken 522 pre-investment projects in various parts of the world, costing some $1,151 million. Among the highlights of the report commented on by a number of members was the fact that 25 pre-investment projects in the field of natural resources had stimulated investment capital, both domestic and foreign, of more than $1,000 million in a direct or indirect manner, that some 60,000 people had been trained in Special Fund-assisted institutions and that 32 Special Fund-assisted research centres were contributing to raising productivity and technical efficiency.

59. One member was pleased to see that African countries, the majority of whom had but recently received their independence, were receiving 33 per cent of the total Special Fund assistance.

60. Another member welcomed the progress made in speeding up implementation of projects, the improvements in co-operation between programmes, such as the development of some 100 Special Fund-assisted projects from earlier activities of the Expanded Programme of Technical Assistance, and the use of advisers provided by the Technical Assistance component to help formulate requests for pre-investment
projects, as well as to help Governments with the follow-up work on projects carried out by the Special Fund. He was also pleased to note the appointment of project managers before the start of field work to enable them to be fully associated in planning the work programme, and the instruction to the executing agencies to build into future projects, where appropriate, training programmes for counterpart personnel.

61. Several members felt that the Administrator's report did not provide sufficient information to the Council on the mistakes and problems encountered in projects under implementation and those already completed. In this connexion, one member said that he did not doubt that careful attention was always paid to the lessons of the past but felt that the lessons should be shared by the Council, so as to enable it to consider the projects recommended by the Administrator on a more concrete basis. Another said that the need for this type of information was especially important because the increase in requests made it necessary to adopt more elaborate criteria for selection.

62. In reply, the Administrator said that he had always attempted to present frank analyses of major problems in programme implementation. The present report, for example, had dealt with the two main difficulties, those of providing counterpart personnel and of recruiting international experts. The UNDP secretariat stood ready at all times to discuss outstanding problems of implementation applying to the problem as a whole. He felt, however, that it was not appropriate to consider individual projects in public, since this might prove embarrassing to the Governments concerned. On the other hand, any Government was welcome to discuss the progress of its projects with UNDP staff at headquarters or in the field, and the secretariat was always at the disposal of Council members for private consultations.

63. Many members mentioned serious problems awaiting practical solutions, and in particular those of speeding approval and implementation of projects. As one member pointed out, though the Council had been informed that 100 projects had reached operational stage in one year, 18 per cent of the projects approved by the Council were still not operational. He felt, however, that it was not appropriate to consider individual projects in public, since this might prove embarrassing to the Governments concerned. The other hand, any Government was welcome to discuss the progress of its projects with UNDP staff at headquarters or in the field, and the secretariat was always at the disposal of Council members for private consultations.

64. In dealing with the procurement and recruitment aspects of project implementation, a number of members welcomed the initiative whereby procurement officers of the executing agencies had met under Special Fund auspices to study improvements in procurement techniques and procedures.

65. One member expressed appreciation for the efforts of the UNDP secretariat in diversifying the source of supply of project equipment, while another stated that although some progress had been made in this direction, there was still room for improvement. In this connexion, several members felt that procurement from socialist countries was much too low.

66. Several other members expressed interest in the Administrator's reference to "advance procurement" of equipment, and wished to know more about such arrangements. In reply, the Administrator stated that thus far only the Food and Agriculture Organization of the United Nations (FAO), which among the executing agencies was responsible for the largest share of the programme, had undertaken stockpiling;
that the system appeared to be working well; and that it covered equipment for projects already approved as well as for some which were expected to be approved.

67. Many members considered that the shortage of international experts, already a serious bottleneck in implementing certain projects, could be expected to worsen. Efficiency in recruitment arrangements was therefore of paramount importance. One member had the impression that the shortage of personnel was not equally acute in all sectors, and that the evaluation of new requests should take into account, as a basic criterion, the availability of experts. Some touched upon delays arising from agency procedures for the recruitment of experts, and also urged a more rapid selection of candidates by the recipient Governments.

68. The Council generally welcomed the Administrator's proposal for a conference of officials engaged in recruitment of UNDP experts, similar to the meeting held by the procurement officers of executing agencies. It was suggested that such a meeting might also consider questions of subcontracting.

69. Some members expressed their concern at the imbalance in geographical distribution of UNDP personnel, both in the field and at headquarters. Several members stated that the representation of socialist countries was very inadequate. One member urged the Council to make sure that the UNDP management included personnel not only from Western countries, but from developing as well as socialist countries. He further stated that the size of voluntary contributions should not be used as a basis for recruitment. Another member pointed out that in certain fields, especially in planning, the socialist countries had very rich experience which could and should be fully utilized for the benefit of the developing countries. Other members, while welcoming the recent increase in the number of experts from developing countries, urged that recruitment efforts in those countries be intensified.

70. Many members expressed the view that problems of recruitment and of the speedier implementation of projects would be greatly alleviated by increased use of subcontracted services, and one member was pleased to note that many of the projects in the current programme made provision for subcontracting. Several members wondered whether adequate use was being made of the possibilities of contracting with private firms, universities or Government agencies. It was felt that there was a particularly strong case for a greater use of subcontractors in such projects as natural resources surveys. One member felt that international organizations had certain prejudices regarding the use of contractual services, notably that costs of subcontracting were necessarily higher, or that contractors' judgements were less impartial than those of individually recruited experts. Some other members urged a greater use of consultants in the evaluation of project requests. One member asked whether it was really necessary to proceed through an executing agency when a considerable part of the project's implementation was the responsibility of the subcontractor.

71. Replying to members' observations, the Administrator agreed that in the case of a number of UNDP projects, the use of sub-contractors was obviously the best solution. On the other hand, many projects just did not lend themselves particularly well to execution by consulting firms or organizations. He believed that the decision as to how a project could best be carried out should be made on a project-by-project basis, taking special requirements fully into account. In regard to the use of agencies in conjunction with subcontractors, the Administrator stated that the Programme needed the experience of the agencies in the execution of
projects, and that the UNDP secretariat wished to do everything possible to strengthen the executing agencies as repositories of knowledge and providers of services in the development field. In his view, UNDP should maintain its role as a financing agency and not become an operating organization so long as the executing agencies were able to carry out the work.

72. A number of members stressed the importance of the field offices as major instruments of UNDP operations. Appreciation was expressed of their assistance to Governments in the formulation of requests, the execution of approved projects, and the follow-up of completed projects. Several members welcomed the Administrator's intention to strengthen these offices.

73. Considerable attention was given by the Council to various aspects of follow-up of Special Fund-assisted projects. Concern was expressed that the output of the training institutions might outrun employment opportunities. In response, the Administrator said that, before assistance to training institutions was recommended, the long-term needs for their graduates were fully established. Moreover, executing agencies, headquarters and field staff kept in close touch with the training programmes to ensure that the number of persons in training did not exceed the current and future needs of the country concerned.

74. Several members expressed satisfaction that the services of financial advisers had already been provided to certain Governments, upon request, to help them explore follow-up possibilities, including capital investment. One member felt that financial advisory services should be made available by UNDP on a much wider basis. More specifically, he advocated that UNDP set up a financial service which would keep itself fully informed concerning sources of development capital and provide the necessary information to requesting Governments, for instance through the offices of the resident representatives. Several members felt that UNDP should establish close co-operation with the various regional banks, as it had already done with the World Bank, to facilitate follow-up investment. The Administrator agreed to consult the United Nations Department of Economic and Social Affairs and the international banking institutions as to the need and practicality of offering financial advisory services on a wider basis and to report to a subsequent session of the Council.

75. In addition to measures for facilitating follow-up investment, many representatives favoured further exploration by UNDP of the "border line" between pre-investment and investment proper. One member said that the limits of pre-investment were arbitrary and that it was necessary to follow the dictates of need and experience in achieving a broader and clearer definition. Several members cited General Assembly resolution 2042 (XX) in which the Assembly requested the Governing Council to consider, at its second session, means of extending economic assistance into the field of investment proper.

76. A large number of members stressed the need for investment assistance and for the establishment of a United Nations capital development fund. Some members stressed the urgency of the need for investment in industrial fields. Another member hoped that the trend towards production projects on a pilot scale would increase, so that direct investment work would eventually be included in the activities of UNDP.
77. One member declared that the developing countries had not yielded in their firm stand favouring the establishment of a United Nations capital development fund and added that his Government accepted the merger as an interim measure in achieving this objective. Another member was convinced that it would not be long before all Member States accepted the need for further evolution of UNDP in that direction. In the opinion of still another member, the immediate task of the Governing Council was to orient its work towards that end.

78. While agreeing in principle that the activities of UNDP could include investment, one member cautioned that such a step would require financial resources of much greater magnitude than the present annual target of $200 million if existing activities were not to be jeopardized. In any case, a rational division of labour between UNDP and the International Bank for Reconstruction and Development and its affiliates was needed.

79. The Council welcomed the extension of UNDP assistance into new fields of activity and new types of projects. In particular, it was noted that several of the Special Fund projects being recommended represented its first ventures into work-oriented literacy training for adults, into community development, and into population studies. The proposed literacy projects were specifically cited as an opportunity for testing techniques which might be adopted in other literacy programmes. One member welcomed the prospect of seeing evaluation reports during the course of these projects and at their conclusion. Such reports would be valuable in establishing a comprehensive indication of the relative value of this field of activity.

80. It was suggested that UNDP might also consider assistance for the development of resources under the sea, for overcoming acute water shortages, and for expert studies of land reform experiments in different developing countries, with a view to determining, in co-ordination with the Economic and Social Council, the best ways of implementing research and training in this field. The Administrator stated that the UNDP secretariat was following closely the deliberations of the Economic and Social Council on the subject of land reform and was preparing steps to ensure a sharing of experience.

81. Several members expressed interest in those UNDP projects directed towards applying modern science and technology to the needs of the developing countries. It was especially desirable to explore the possibility of further and more intensive efforts in the fields of activity which the Advisory Committee on the Application of Science and Technology to Development had singled out for concerted attack, and to continue to co-operate with the Committee. In reply, the Administrator said that the UNDP secretariat was co-operating closely with the Committee, and was actively studying its proposals. One member requested that the Administrator undertake a study of possible new fields of activity for the work of UNDP for future consideration by the Council.

82. The Council devoted considerable attention to the acceleration of industrialization in the developing countries. Members stressed that the building up of industries had a key role to play in providing employment, in meeting and creating consumer demand, and in stimulating economic growth and strengthening national independence.
While noting that projects related to manufacturing accounted for 14.7 per cent of total earmarkings in the Special Fund component of UNDP and that special emphasis was being placed on further assistance to manufacturing, many members stated that more should be done in this respect. One member said that a flexible and empirical approach should be adopted in determining the role of the United Nations family in the complex task of industrialization. Another stated that a harmonious development of all economic sectors, including industry, should be the objective. Several representatives agreed with the Administrator's statement that, with the special efforts to promote industry, the importance of agriculture and agriculture-oriented industry should not be overlooked, particularly since, as one member put it, the buying power of the countryside was a factor in increasing the production of industrial goods. Others indicated that, without industries to use new technologies and newly qualified personnel, there was little justification for assistance in establishing industrial research and training institutions.

In view of the apparent shortage of requests for industrial projects, a number of members welcomed the suggestion that industrial advisers might be placed in certain offices of the resident representatives to help Governments to identify the kinds of industrial assistance they required and to formulate sound requests; one member emphasized that this matter had already been the subject of a decision by the Economic and Social Council in its resolution 1081 E (XXXIX). One member believed that the Technical Assistance component of UNDP could make a useful contribution to that effort. Since preparatory assistance was of great importance in formulating industrial requests, one member wondered whether the allocations for that purpose were sufficient. Another member said that a thorough study was required to determine the fundamental reasons for the lack of industrial requests and to formulate ways of overcoming it, and he suggested that the Administrator, in consultation with the Commissioner for Industrial Development, consider presenting such a study to the Council at an early date.

Interest was also expressed in the Administrator's recommendation that the Council approve the first project for establishing a pilot industrial plant. One member said that pilot projects were often the only way of starting industrial development. Some representatives believed that a suitable definition of the scope and objectives of such pilot projects should be worked out, and one member suggested a possible wording for such a definition. One member held that the shortage of management expertise would be acutely felt in pilot projects and that arrangements for early appointment of the project manager and his counterpart would therefore be essential. It was pointed out that the experience of the International Bank for Reconstruction and Development, the International Finance Corporation and the Inter-American Development Bank would be useful in pilot projects.

The provision of UNDP assistance on a refundable basis for some recommended projects was also commented on by a number of members. Some considered that reimbursable assistance should be limited to assistance for the development of export-oriented industries designed to yield early and sizable direct income; others raised the question of whether reimbursement should be in foreign exchange or local currency. One member saw no disadvantage to refundable assistance unless reimbursement became an excessive burden on the recipient country. Several members requested that the subject of refundable assistance should be given further careful consideration by the Administrator and by the Council, and asked for a paper on the subject to be submitted at the next session.
The Administrator said he appreciated the observations made by the Council and invited its further advice on the subjects of pilot plants and reimbursable assistance, both of which had been discussed in the past by the Governing Council of the Special Fund. He thought it premature, however, to try at this time to establish a set of rules which would have to apply to an infinite variety of situations. By retaining flexibility, he added, the Programme could continue to work with the Governments of developing countries in formulating sound projects to meet their special needs for assistance of this kind. He undertook to submit a paper containing further ideas on those two subjects for consideration by the Council at its summer session.

General satisfaction was expressed at the recent decision of the General Assembly to create the United Nations Organization for Industrial Development, which would undertake operational as well as research activities in co-operation with UNDP and other bodies.

In conjunction with UNDP, the new organization could have an important effect in mobilizing intensified assistance to industry. Several representatives hoped that the fruitful relations between UNDP and the Centre for Industrial Development would be strengthened with the establishment of the new organization.

A number of possibilities were mentioned for close practical collaboration between UNDP and the new organization. For example, the Organization for Industrial Development could give priority attention to developing UNDP technical assistance and pre-investment projects directly related to manufacturing; and its research on the adaptation of technology to conditions in the developing countries could provide valuable guidelines in the selection and tailoring of Special Fund-type projects.

Some members looked forward to learning at future sessions the results of consultations between the Administrator and the Commissioner for Industrial Development and officers of other international bodies on opportunities for practical work in promoting industry.

The Administrator assured the Council that the various suggestions for increasing industrial assistance would be explored. He said that the results of the discussions with the Organization for Industrial Development and other interested organizations, which were just getting into their stride, would be reported to the Council at its third session.

A number of members noted with satisfaction that special contributions had been pledged by several Governments for additional activities in the field of industrial development. One member said his Government held the view that contributions for operational activities of the Organization for Industrial Development should be made available to UNDP so as to avoid undue proliferation of special-purpose funds, and called for prompt co-operative efforts by the Administrator and the Commissioner for Industrial Development to make effective and imaginative use of those financial resources. A certain number of members welcomed such contributions and said that, while the donor Governments must be satisfied as to the use of the funds, the terms attached to them might lead to the direct use of those funds by the Organization for Industrial Development, in agreement with UNDP, without the Governing Council being consulted. The Council should have an over-all view of all projects in that field, they added. Another member emphasized that the special contributions were to supplement, and not to be used in place of, the Programme's own resources for industrial assistance.
94. Regarding the special pledges for industrial activities, the Administrator
confirmed that those contributions represented an addition to existing resources
and that the latter would remain available, as before, for financing industrial
projects.

95. A number of members welcomed the account in the Administrator's report of
projects benefiting from associated aid provided under bilateral or international
programmes. Such aid, said one member, was an example of co-operation and
co-ordination at its best. Another was glad to see that as many as 200 projects
had received supplementary aid from those sources. It was obvious that technical
assistance programmes of any size should be correlated. His country had always
been anxious to indicate where work done previously under bilateral auspices might
contribute to projects being prepared by the Special Fund. He added that he
would like to see this kind of co-operation develop with the help of the developing
countries concerned. It was also observed that associated aid was a means of
easing the burden of developing countries where their financial commitments for
technical assistance work were proving too heavy. Another member said that his
country's bilateral assistance affecting Special Fund projects in the form of
equipment, studies, fellowships and experts had more than doubled the amount of
its direct contribution to the Special Fund. In view of the desirability of
associated bilateral aid, one member was of the opinion that the legislative body
of UNDP should have at its disposal the greatest amount of information possible.

96. Several representatives from developing countries expressed their Governments'
eagerness to have additional economic assistance through multilateral channels. At
the same time, a number of representatives of industrialized countries re-emphasized
their Governments' belief in multilateral assistance and their desire to increase
the proportion of assistance channelled through United Nations institutions when
justified by their policies and performance.

97. Several members recalled that, ultimately, in many industrialized countries
both the amount of development assistance and the channels through which it was
given were determined by parliaments and the public. It was therefore important
to have more popular material on the objectives and results of UNDP assistance
produced in the languages of the donor countries in order to build the necessary
informed public support. One member suggested that this might include films
depicting the field activities of UNDP; UNICEF had produced films on its
activities, and there had been an excellent response from the public.

98. There was general agreement that it was important to increase substantially
the financial resources of UNDP for 1967. Several members noted that the recent
rise in pledges from $145 million to $155 million was far from the goal of
$200 million. Others observed that the sharp rise in project requests made it
indispensable that the $200 million target for voluntary contributions should be
reached in 1967.

99. Looking ahead, one member suggested that alternative ways of raising more funds
for UNDP might be examined. He considered that Member States might be called upon,
by a resolution of the General Assembly, to contribute a percentage of their
national income to UNDP, and that interested private industry and foundations might
be asked to contribute. It was the view of his delegation that even if the
$200 million target were reached, it would still be inadequate. Another member,
agreeing with the Administrator's suggestion that a minimum objective would be to
double in five years the present $200 million target, urged that the Council
should make that suggestion its own.
At the conclusion of the discussion on item 5 of its agenda, the Governing Council decided:

(a) To take note of the statements by the Administrator (DP/L.3) and Co-Administrator (DP/L.9);

(b) To take note of the Administrator's report on the implementation of programmes approved by the Governing Council of the Special Fund at its second through fourteenth sessions (DP/SF/L.1 and Corr.1, DP/SF/L.1/Add.1-2, DP/SF/L.1/Add.3 and Corr.1).
101. In an introductory statement in connexion with item 6 of the agenda, the Administrator said that the views of the Governing Council on certain important practical and procedural questions relating to the organization of its work and that of the Inter-Agency Consultative Board would be of great help in making practical arrangements for the immediate future. He also mentioned certain questions having wider ramifications, so that they would not be lost sight of in the early organizational stage. These, he suggested, could be the subject of discussion at later sessions when the Council and the UNDP secretariat had had sufficient time for careful study on their implications.

102. The Administrator pointed out that a time-table of two Council sessions per year, in January and June, appeared to be the most satisfactory way of meeting the operational requirements of both the Special Fund and Technical Assistance components of UNDP and of the United Nations regular programme of technical assistance. A schedule of two sessions per year was provided for under General Assembly resolution 2029 (XX). However, in view of plans already made for the preparation of the biennial programme of the Technical Assistance component for 1967-1968, an ad hoc meeting would have to be held by the Council in the autumn of 1966 to approve that programme.

103. A second organizational point on which the Administrator sought the Council's views was the general form of the agenda of its future sessions. Some advance knowledge of agenda presentation would facilitate the organization of the work of the Council, assist Governments in planning their participation in its deliberations and help the UNDP secretariat to plan its work in the most efficient way. While it appeared that the agenda of future sessions should clearly reflect the special characteristics and operations of the separate components of the Programme, this distinction could be shown, he believed, without dividing items in a manner that would oblige the Council to consider the components separately.

104. The Administrator also referred to procedures for considering and approving projects and programmes, a matter in which both of the Council's predecessors - the Governing Council of the Special Fund and the Technical Assistance Committee - had expressed interest, and a question which was pertinent to the way in which the Governing Council would organize its work. Particular reference had been made to the desirability of eliminating unnecessary differences in the procedures followed for the two components of the Programme. In this connexion, he mentioned two such differences, without prejudging whether they should be maintained or changed: first the planning and approval of the programme of the Technical Assistance component was carried out on a biennial basis, as compared to the preparation and submission twice a year of the projects of the Special Fund component; and secondly, in the Technical Assistance Committee, the Expanded Programme of Technical Assistance had been considered and approved as a whole in public meetings, whereas Special Fund projects had been examined and approved individually in private meetings before being approved as a whole in public meetings.
105. In order to facilitate the Council's consideration of programmes and projects, the Administrator proposed that during the first week of a Governing Council session and before the Council considered the programme recommendations formally, a full day of meetings should be held for examination and clarification of all points in the programme. He next referred to certain organizational questions which were expected to be taken up by the Inter-Agency Consultative Board at its first session in March 1966. He stressed the importance of the Board as a keystone of the inter-agency co-operation that was so important to the success of the Programme. Among the general organizational matters were the timing of the Board's sessions and the types of questions which would be considered by the Board itself. The Administrator thought that the Board would have to convene twice a year to fit in with the Governing Council sessions in January and June, the details of the timing of its future sessions to be worked out by the Board itself, taking into account such factors as the requirements of programming operations and the availability of the executive heads of the agencies.

106. With a view to associating the Council as closely as possible with the Inter-Agency Consultative Board, the Administrator suggested that if the Council so desired, he would consult with the Board regarding the possibility of arranging informal consultations between the officers of the Council and the Board.

107. Some of the matters on which the Administrator would ask the Board's advice were explicitly stated in the merger resolution; in addition, he expected to consult the Board on such other important matters as estimates of resources available for programme purposes, speedier implementation of projects, the financing of feasible projects, the over-all financial position of each component of UNDP, the desirable level of any reserves, etc.

108. Because sessions of the Board would be devoted to major policy questions, it was also the Administrator's intention to seek the advice of the agencies in other appropriate ways. For instance, the traditional Special Fund "agency review", which involved bilateral discussions between senior officers of the executing agency concerned and the Special Fund, would be continued and extended to the Technical Assistance component of UNDP. Another example of fruitful forms of consultation with agencies was that which took place during the periodic regional meeting of resident representatives. In the case of questions of an administrative character which were not of a sufficiently high policy nature to bring before the Inter-Agency Consultative Board, it had recently been stated on behalf of the Administrator before an inter-agency consultation on the merger that he intended to convene inter-agency meetings to advise him. Some of these might meet regularly, as had been the practice of certain working groups of the Technical Assistance Board. Other forms of consultation, such as ad hoc working groups, might be used as circumstances required.

109. The Administrator concluded by stating that the Council's views on the matters he had mentioned would be greatly appreciated; other questions which might unfold as the Programme developed could be taken up at the appropriate time.

Summary of discussion

110. The members of the Council generally commended the introductory statement by the Administrator on item 6 of the agenda (DP/L.10) as a useful contribution to the Council's discussion of the item, but regretted that it had not been published as a document in advance of the meeting.
Ill. Most of the members of the Council agreed that meetings of the Council in January and June would be appropriate, inter alia, to the operational requirements of both components of the Programme. They were also of the view that the Technical Assistance Committee's practice of holding its summer session in Geneva should be followed, since Geneva was closer to the developing countries and the holding of meetings there would reduce travel expenses for delegations from many of these countries, particularly those from Africa. In addition, the possibility should be kept open of holding meetings at places other than Geneva and New York on the invitation of a member of the Council. This would be useful in bringing the work of the United Nations Development Programme to the attention of the public in a larger number of countries and it might help to stimulate increased contributions to the Programme. Other members considered that meetings held at United Nations Headquarters would be more efficient than those held away from New York, and that the extra cost involved in holding them abroad could more suitably be devoted to programme purposes. In this connexion, the Co-Administrator mentioned in a statement made in connexion with item 7 of the agenda (Financial questions) that the direct extra cost to UNDP of a Governing Council session in Geneva was estimated at between $3,000 and $10,000 but that it was possible that that would be offset by economies in travel costs for the specialized agencies and for some members of the Council.

II.2. With regard to the question whether an ad hoc meeting of the Council in November 1966 to approve the biennial technical assistance programme for 1967-1968 and to allocate funds for that programme should be held, most members felt that such a meeting would be inconvenient for them, and they hoped that it could be avoided. One member stated that it was particularly important for the Council to give most careful attention to its first approval of the technical assistance programme under the merger; this was not possible during a General Assembly session. It was suggested that arrangements might be developed to permit the Administrator to make allocations for the month of January 1967 at the 1966 rate. Attention was called by other members to the problems which might be involved in making such arrangements for the first month of a biennial programme.

II.3. While expressing general agreement with the pattern of future agenda described in the Administrator's statement, several members of the Council made specific suggestions with regard to the format of the agenda. One member expressed the view that items should be made as precise as possible, so as to concentrate the Council's attention on important aspects of the programme requiring the Council's decision for guidance, and that the agenda should be annotated. Another member suggested that items should be presented in such a way as to permit discussion of items applying to the United Nations Development Programme as a whole, on the one hand, and of those applying to its individual components, on the other.

II.4. Following the Council's election of its officers, three members suggested that the holders of the offices of the Council should more nearly reflect the composition of the Council itself and that therefore the office of Third Vice-President should be created and a representative of one of the socialist countries elected to it.

II.5. Several members of the Council thought that certain differences between the Technical Assistance and Special Fund components of the Programme, e.g., with respect to the presentation and approval of programmes and projects, appeared to be unnecessary and that it would assist both the Council and the UNDP secretariat if they were eliminated. Some members requested a report by the Administrator on the possibility of achieving greater uniformity in presentation and approval.
116. With regard to the United Nations regular programme of technical assistance, several representatives felt that it would facilitate the Council's work if its discussion and action on that programme were divided in an appropriate manner between the January and June sessions of the Council. For example, at its January session the Council might discuss the composition of the United Nations regular programme. In June the Council could hold a general discussion on the scope and character of the regular programme and make a recommendation on the amount to be approved for the following year.

117. Several members stressed the importance of ensuring that the Council was kept fully and regularly informed of the size and composition of the regular technical assistance programmes of the specialized agencies with a view to achieving effective co-ordination.

118. A number of Council members expressed their conviction that it was of great importance to the effectiveness of UNDP that the Council should hold consultations with the Inter-Agency Consultative Board along the same lines as those between the officers of the Economic and Social Council and the Administrative Committee on Co-ordination.

119. One member expressed the view that, as the work of the Council was organized at present, members of the Council - in particular the countries with small permanent missions having limited staff - did not have sufficient time for a thorough examination of projects and programmes submitted to them for approval. He suggested the establishment of a small representative committee made up of experienced members of the Council which would meet prior to each Council session and, in order to ease the burden of the Council, analyse all documentation to be submitted to the Council, pointing out the principal changes, trends and problems. The committee would comment on all aspects of the Programme, including administrative and financial questions, relations with bilateral and other international aid programmes, etc., and would examine and discuss programme recommendations in general terms and without reference to particular countries. Another function of the committee would be to highlight achievements and - after discussing them with the Administrator - any failures. Finally, the committee would suggest ways and means of improving the functioning of the Council, including the suggestion of new fields requiring action. Such committees had been found useful by other organs. The Advisory Committee on Administrative and Budgetary Questions satisfactorily performed similar functions for the Fifth Committee of the General Assembly, and for the Governing Council of UNDP, as shown by the comments of many delegations during the debate on financial matters.

120. A number of Council members saw merit in that suggestion; they thought it important to set a high standard of efficiency for the Council and to ensure that it did not become a "rubber stamp". Some considered however that the committee should not be restricted in its membership nor should it interpose itself between the Council and the Administrator or interfere in any way with the Administrator's management of the Programme or the Inter-Agency Consultative Board's function of advising the Administrator. One member thought that the establishment of such a committee could be beneficial in that it might interest national governmental experts in the work of the Council and thus ensure a more intelligent exchange of views on projects and programmes. In addition, two annual sessions of the Council might prove insufficient, in which case such a committee might obviate the need for a third session.
121. Other members questioned the desirability of establishing such a committee. They contended that the members of the Council should not abdicate or delegate their individual responsibility for the review and approval of projects and programmes to any committee. Such a committee would upset the programming time-table of UNDP and complicate or delay the already long and complex process for reviewing and approving programmes. It would also immobilize senior members of the UNDP secretariat for periods additional to those which they had to devote to Council sessions. These members considered that no decision on the matter should be taken before at least the second session of the Council, when some experience would have been gained under the merger. One member expressed the view that it would be difficult to obtain increases in contributions from donor Governments which, because of the establishment of such a committee, might feel that they were not participating fully in the work of the Council. Another member considered that the example of the Advisory Committee on Administrative and Budgetary Questions was not relevant since that committee did not have any programming functions. A third member suggested that the Administrator should report to the Council at its second session on the advantages and disadvantages of establishing such a committee.

122. At the conclusion of its discussion of item 6 of the agenda, the Council agreed on the following decisions:

(a) The Council decided to hold its two annual sessions in January and June. It also agreed to hold its January session in New York and its June session in Geneva, unless it decided otherwise. With regard to the question whether an ad hoc meeting of the Council should be held in November 1966 to approve the biennial technical assistance programme for 1967-1968 and to allocate funds for that programme, the Council requested the Administrator to submit a report on practical implications to the second session, at which time it would take a decision.

(b) The Council agreed with the Administrator's proposal that the agenda, while reflecting the distinctions between the Special Fund and Technical Assistance components of the Programme, should be drawn up in a manner permitting questions to be grouped under broad items in order to facilitate the appropriate consideration of the Programme as a whole, on the one hand, and of its individual components, on the other. The Council also requested the Administrator to annotate its agenda as appropriate. It decided to place on the agenda of its second session an item entitled: "Basic principles, organization and methods of work of UNDP and the Governing Council, including the desirability of establishing special committees, such as a programme committee". In this connexion the Council agreed to consider at its second session a report to be prepared by the Administrator, in the light of the discussion at the Council's first session, the experience which would have been gained under the merger and the experience of the governing councils of other international organizations, suggesting appropriate methods of enabling the Council to obtain a fuller understanding of the documentation relating to the projects and programmes submitted to it.

(c) The Council decided that the officers who were previously designated Chairman and Vice-Chairman should henceforth be called "President" and "Vice-Presidents" respectively. In addition, the Rapporteur should also be elected as an officer of the Council for a period of one year.

(d) The Council requested that every effort should be made to adhere to the six-weeks rule for the distribution of Council documents in the working languages. Efforts should also be made to ensure advance distribution, as Council documents
in the working languages, of policy statements such as those made during the current Council session by senior members of the UNDP secretariat, and of more detailed information on administrative and financial matters. The Council also requested the Administrator to facilitate its study of UNDP documentation by providing a brief summary of the contents of major documents as well as a list of points, to be provided at the beginning of all documents, on which Council action was required.

(e) The Council agreed to consider further at its second session, on the basis of a report to be submitted by the Administrator, the possibility of reaching some degree of procedural uniformity with respect to the presentation and approval of programmes and projects.

(f) The Council decided to consider, at its second session, proposals by the Commissioner for Technical Assistance regarding the most appropriate manner of dividing between the two annual sessions of the Council its discussion and action on the United Nations regular programme of technical assistance.

(g) The Council also requested the Administrator to consult with the Inter-Agency Consultative Board and report to the Council, on ways of enabling it to be fully informed of the size and composition of the regular technical assistance programmes of the participating agencies.

(h) It was requested that the Administrator should consult the Inter-Agency Consultative Board, at its first session in March 1966, concerning the possibility of arranging consultations between the officers of the Council and the members of the Board (along the same lines as those which had been arranged between the officers of the Economic and Social Council and the Administrative Committee on Co-ordination).
CHAPTER VI
FINANCIAL QUESTIONS

123. Under item 7 of its agenda, the Governing Council considered:

(a) A note by the Administrator on the status of 1965 contributions (DP/L.3), which drew the attention of the Council to the statement of contributions to the Special Fund pledged and paid for the year 1965 as at 30 November 1965 (SF/L.115/Rev.9) and to the statement of contributions to the Expanded Programme of Technical Assistance pledged and paid for the fifteenth financial period (1965) as at 30 November 1965 (E/TAC/REP/294); a note by the Administrator on the status of outstanding contributions (DP/L.4), which drew the Council's attention to the Special Fund contributions outstanding for the years 1959, 1960, 1961, 1962, 1963 and 1964 as at 30 November 1965 (SF/L.120/Rev.18) and the Expanded Programme of Technical Assistance contributions outstanding for the seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth and fourteenth financial periods as at 30 November 1965 (E/TAC/REP/295); and a note by the Administrator submitting a statement of contributions pledged to the United Nations Development Programme for 1966 as of 7 January 1966 (DP/L.7);

(b) The administrative budget estimates for the secretariat of the United Nations Development Programme for the year 1966 (DP/L.2 and Corr.1) and the relevant comments of the Advisory Committee on Administrative and Budgetary Questions (A/6213);

(c) A note by the Administrator regarding the review of the financial policy of the Special Fund component (DP/SF/L.2);

(d) A note by the Administrator (DP/SF/L.3) regarding the revision of the Financial Regulations of the Special Fund to take into account the provisions approved at the fourteenth session of the Special Fund's Governing Council concerning preparatory assistance;

(e) The audit reports for the year ended 31 December 1964 relating to the expenditure by specialized agencies and the International Atomic Energy Agency of technical assistance funds earmarked from the Special Account of the Expanded Programme of Technical Assistance (A/6071), together with the relevant comments of the Advisory Committee on Administrative and Budgetary Questions (A/6141); the audit reports for the year ended 31 December 1964 relating to expenditure by executing agencies of funds allocated from the Special Fund (A/6072), together with the relevant comments of the Advisory Committee on Administrative and Budgetary Questions (A/6142); and the report of the Fifth Committee to the twentieth session of the General Assembly concerning earmarkings and contingency authorizations from the Special Account of the Expanded Programme of Technical Assistance and allocations and allotments from the Special Fund (A/6213).
Summary of discussion

124. Under item 7 (a), the Governing Council noted that pledges of voluntary contributions for the year 1966 had reached a total of approximately $153.5 million for UNIF, comprising $54.4 million for the Technical Assistance component, $54.4 million for the Special Fund component, and $5 million undistributed.

125. The Council also noted that certain additional pledges had been made or were in prospect for accelerating and expanding activities in the field of industrial development. The Administrator was in consultation with the contributing Governments and with the Centre for Industrial Development concerning the best means of receiving and using these additional sums.

126. A statement by the representative of Sweden concerning the intention of his Government, subject to Parliamentary approval, to increase its 1966 contributions to $17.6 million ($3 million for the Technical Assistance component, $10 million for the Special Fund component and $500,000 specifically for industrial development projects) and to make a forward pledge in the amount of $15.5 million for each of the years 1967 and 1968 ($5.5 million for the Technical Assistance component, $11 million for the Special Fund component and $1 million for industrial development projects), was warmly welcomed. In the course of the debate, the representative of the Government of Japan announced that the division of his Government's pledge for 1966, totalling $3 million, would be $630,000 for the Technical Assistance component and $2,370,000 for the Special Fund component. The announcement by the representative of the Federal Republic of Germany that, subject to Parliamentary approval, his Government would increase its contribution for 1966 by a further $1 million was also received with satisfaction.

127. A number of members of the Governing Council welcomed the establishment by the General Assembly of a total of $200 million as a target figure for contributions to UNIF and expressed the hope that the target would be attained by 1967; it was also suggested that the $200 million should be doubled over the next five years. The Administrator and the Co-Administrator underlined the importance of reaching the $200 million goal at the earliest possible date and indicated that unless contributions were significantly increased, it would not be possible to finance in 1967 all of the deserving high-priority projects which were expected to be ready for approval. Without committing his Government, one member expressed the view that pledges for 1967 would have to exceed the target, probably by a substantial amount, if earmarkings were to be maintained at the level planned for 1966. In explanation, he referred to the fact that the use in 1966 of what he termed unemployed financial resources, as proposed in document SF/L.127, would enable the Council to raise the amount of earmarkings far above pledges for 1966. In 1967, on the other hand, when all or most of this possibility would have been exhausted, earmarkings would have to be much more closely related to the amount of new pledges. In addition, other factors added considerably to the demand for higher pledges, such as the need for including more industrial projects, for pushing back the border line between pre-investment and investment proper, and for making the requirements concerning financial partnership with recipient Governments still more elastic in cases where developing countries would otherwise be financially unable to accept projects. The Council agreed that a substantial and early increase in the level of voluntary contributions was now a matter of urgency.

129. For its consideration of item 7 (b) the Governing Council had before it the Administrator's budget estimates for the UNDP secretariat for 1966 (DP/L.2) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/6213).

130. The Administrator's estimates, amounting to a total of $13,201,100 (net), represented a 22 per cent increase over the combined total of the budgets for the Special Fund and Technical Assistance Board secretariats approved for 1965. While the greater part of the increase was due to the considerable increase in work-load arising from the dramatic expansion in programme activities, other contributing factors included the recently authorized increases in salary rates over and above the impact of normal annual salary increments, the rising costs of supplies and services, and additional rental costs for premises. It was proposed that the total costs for 1966 should be financed from the resources of the Special Fund and Technical Assistance components of UNDP in the same proportion as pledge of contributions to the two sectors for 1966; this would result in allocations to the 1966 administrative budget of $3,417,021 and $4,784,079 respectively from the resources of the Special Fund and Technical Assistance components.

131. In a statement in the course of the general debate in the Council the Administrator, referring to comments on the growth of administrative costs, pointed out that such costs, when considered in relation to total work-load had, in fact, declined. While the total work-load represented by all UNDP programmes had increased by 67 per cent in the period 1964-65, and a further increase of 31 per cent was expected in 1965-1966, the corresponding figures for the administrative budget were 24 per cent and 22 per cent respectively. Taking the period 1964-66 as a whole, the work-load increase was about 105 per cent while administrative costs had increased by only 52 per cent. Administrative costs, expressed as a percentage of total work-load, had in fact declined from 1.7 per cent in 1964 to 1.22 per cent in 1966.

132. The Co-Administrator, initiating the discussion on the item, emphasized that the purpose of the merger, as stated in the preamble to General Assembly resolution 2029 (XX), had been taken fully into account in the formulation of the estimates. These purposes were to streamline programmes, to simplify organizational arrangements and procedures, and to facilitate over-all planning and co-ordination of programmes in order to increase their effectiveness. Due note had been taken also of the Assembly's decision that the special characteristics and operations of the two programmes, as well as two separate funds, were to be maintained. The estimates had, moreover, been conservatively geared to meet a work-load somewhat less than the load that could realistically be expected after allowance was made for the possibilities available in the first year of the merger for streamlining the secretariat by combining similar functions for both components of the Programme into integrated and more economical units. The efforts to streamline the secretariat would be continued; however, they could not be expected to offset to any appreciable degree the impact of the rapid expansion of the programmes.

133. Referring to the comments of the Advisory Committee on Administrative and Budgetary Questions in paragraph 13 of its report (A/6213), the Co-Administrator stated that the percentage figures shown in paragraph 30 of the administrative budget estimates (DP/L.2) did not indicate, and were not intended to indicate, the ratio of administrative costs to total programme costs in any given year. The work-load was the key determinant in regard to the amount of staff and other resources needed to manage an effective programme, and work-load comprised all of
the functions, from discussion of possible projects, assistance in the formulation of project requests, their review and evaluation, negotiation of plans of operation, arrangements with executing agencies, supervision of projects in operation, preparation of reports, to the evaluation and follow-up of completed projects. This covered a wide spectrum in which projects in actual operation and annual expenditures on them represented only one segment. While, therefore, in certain traditional activities, and especially those covering annual programmes, the ratio of administrative costs to programme expenditures each year might have some validity, the only realistic way to assess the magnitude of overhead costs in UNDP was to relate them to total work-load. The approach and percentage measurement reflected in paragraph 30 could certainly be improved upon and further refinements made, and the Administrator intended to study this matter further. However, it was clear that in terms of the work-load to be met, proportionately less would be spent in 1966 than in 1965.

134. The C.-Administrator underlined two other specific points in connexion with the estimates. Firstly, if the Assistant Administrators, who would be the principal advisers to the Administrator at the operating level and who would be responsible for major segments of the secretariat's work, were to discharge their important responsibilities effectively, they must have the authority, rank and salary level which were commensurate with those responsibilities. Pending further study of this question in a wider context and the determination of appropriate salary levels, the posts of Assistant Administrators had been costed at the Director (D-2) level on the understanding that during the interim period these officials would receive somewhat higher representation allowances. Secondly, in regard to the recent decision of the General Assembly on standards of travel accommodation for United Nations staff, the Administrator intended to apply to UNDP staff the same general policies as were established for the United Nations Secretariat by the Secretary-General.

135. The discussion in the Council reflected concern at the increase in administrative costs, especially in the context of the merger which, some members held, should have brought about economies. It was suggested that the merger had given rise to hopes for the delivery of a better product at lower cost and that the estimates did not reflect this expectation. One member, expressing serious concern, felt that the budget might need to be revised and that pending such revision the 1965 level might be maintained. Some other members, while sharing the concern which had been expressed, recognized the dynamic growth in programmes and related work-load and expressed the hope that the further efforts to streamline the secretariat that had been indicated would result in limiting administrative costs. It was pointed out that 1966 was a transitional year and that the secretariat structure reflected in the estimates was provisional. In time there should be a more thorough rationalization and integration of the secretariat structure which in 1966 was essentially derived from a practical putting together of two somewhat separate secretariats. Some reservation was also expressed at the organization of the secretariat at the senior level and the number of posts at that level; it was recognized at the same time that the question of the appropriate salary level for Assistant Administrators would be examined further in the wider context of United Nations and presumably specialized agency situations.

136. Some other members took the view that the relationship between dollars spent and quality of performance was the important consideration. Expenditure on perfecting administration and management was likely to produce ultimate and substantial savings in operation, and inadequate administration could often waste as
137. There was considerable discussion centred around the validity or otherwise of the formula employed in paragraph 30 of the administrative budget estimates (DP/L.2) as a measure of overhead costs. Some delegations, raising a preliminary point about the definition of "overhead" in a programme such as UNDP, suggested that a good part of the services provided by the resident representative and his office might be regarded as technical assistance itself rather than as administrative overhead. Several members felt, nevertheless, that the formula used in paragraph 30 to relate administrative costs to the total costs of all projects at various stages of handling was not altogether satisfactory. Some members did not see much validity in this ratio; some others thought that it was significantly inadequate and at best had only a negative value in that if it did not show a decreasing trend something was wrong with the operation. Other members, while agreeing that the formula needed to be further refined, suggested that the trend of the ratio from year to year was the really significant element and, from this viewpoint, the yardstick had met the purpose for which it was intended. Several delegations called attention to the importance of assuring the relationship between UNDP assistance and the development plans and priorities of the benefiting country or region. They expressed concern that the Administrator should give continuing attention to this relationship, both through resident representatives and in the organization and operations of his staff.

138. A few members took issue with the need to give the Administrator the authority which he sought in paragraph 34 of the budget estimates (DP/L.2), to effect transfers between items and parts of the budget. It was suggested that this was an unorthodox and unusual budgetary practice, and reservations were entered in respect of such transfers between major categories of expenditure, such as personnel costs, on the one hand, and equipment, premises and related costs on the other. It was argued on the other hand that certain national aid administrations which had experience of this problem had found it useful and necessary to have this type of budgetary flexibility between the various sections of the administrative budget in order to assure the most economical utilization of available resources. Other members recognized that while transfers of budgetary credits on the authority of the Administrator might not be orthodox in conventional budgetary situations, the transitional nature of the present arrangements would justify maintaining this authority in respect of the 1966 budget.

139. There was a general desire reflected in the discussion for more detailed information on the budget estimates so as to show more clearly the incidence and justification of major items of expenditure. Among the specific suggestions made were the addition of a more detailed summary table of the estimates and more comprehensive information on the criteria for determining the size of individual field offices.

140. Another point to which attention was drawn concerned the move of the UNDP secretariat outside the Headquarters building of the United Nations. One member expressed reservations on this move although it had been approved by the governing organs of the Special Fund and the Expanded Programme of Technical Assistance and had taken effect in 1965. Another member inquired about the authority for charging the related rental costs to the UNDP budget rather than the regular budget of the United Nations.
141. Replying to the points raised in the discussion, the Administrator referred to the general recognition which was evident in the debate of the fact that there was an intimate relationship between overhead and work-load. "Overhead" was a difficult concept to define in an operation such as UNDP; much of the work and costs of resident representative offices was not strictly "overhead" and the line of demarcation was at best fuzzy.

142. The approach used in paragraph 30 of the budget estimates (DP/L.2) was of course not the last word in measuring whether overhead was too high or too low; it was only a first attempt to relate overhead to work-load, using the only monetary representation of work-load that was at present available. While efforts to achieve refinements in the yardstick for this measure would be continued, the evidence was conclusive that overhead costs in relation to work-load were proportionately less in 1965 than in 1964 and that this decreasing trend would continue in 1966.

143. Referring to a suggestion to relate administrative costs to pledges of contributions, the Administrator stressed that the important thing was to keep administrative costs as low as possible. There were two ways of bringing down the suggested ratio of overhead to contributions: to reduce overhead and to increase pledges of contributions; he favoured both. Increased contributions depended on the quality and effectiveness of UNDP performance, which in turn depended on the quality and competence of the officials who were involved in management of the Programme. Top-flight personnel were scarce and difficult to get unless they were given appropriate remuneration. This conviction lay behind the proposals in the budget in respect of staff at senior levels.

144. The proposal to move the secretariats of the Special Fund and the Technical Assistance Board temporarily to premises outside the United Nations Headquarters building had not been initiated by them. The idea of the move had in fact been resisted for some considerable time, even when the staff was scattered over five floors and two separate elevator banks. When the situation had become acute, alternative arrangements, at least on a temporary basis, had become unavoidable. The payment of appreciable amounts as rent was at best a situation to be suffered temporarily and it was hoped that more satisfactory long-term solutions would be found in consultation with the appropriate organs of the United Nations.

145. The basis for charging rental payments to the UNDP budget was in the founding resolutions of the Expanded Programme of Technical Assistance and the Special Fund, which provided that, while maximum use should be made of existing United Nations facilities, any direct additional costs for administering the programmes would be borne by the programmes.

146. Responding to other questions and comments, the Co-Administrator pointed out that the transfer authority requested in connexion with the 1966 estimates was essentially similar to the authority which had previously been available in respect of the budgets for the Special Fund and Technical Assistance Board secretariats. The principal flexibility that was required was the facility to use total staff resources effectively and where they were most needed. While transfers between major categories of expenditure should be discouraged as far as possible, the present form of the budget did not make it possible to do away completely with the transfer authority, and the Administrator would therefore maintain his request for such authority in respect of the 1966 budget. At the same time, the form of the budget would be reviewed with a view to finding a presentation which would not
require such transfer authority between major sectors of expenditure in future budgets. The Co-Administrator explained that the Bureau of Evaluation and Reports would be concerned with maintaining up-to-date information on economic and social conditions in countries and regions. It would review proposed projects and programmes from that viewpoint as well as maintain continuing evaluation of completed projects and on-going programmes.

147. In response to another question, the Co-Administrator explained that for the time being the Bureau of Evaluation and Reports would have the responsibility for the preparation of the biennial country programmes of technical assistance. This bureau would also undertake country studies and examination of programmes on a comprehensive basis. Over-all co-ordination of the two components of UNDP would be provided by the senior directorate of the Programme. In reply to a further question, the Co-Administrator explained that the Associate Administrator, Mr. Heurnematte, was in charge of external relations and in that capacity was charged with the responsibility for providing general information to permanent delegations; the Bureau of Operations and Programming would be available to provide information on particular Special Fund projects; the Bureau of Evaluation and Reports would provide information on projects of the Technical Assistance component; and the Bureau of Administrative Management and Budget would be ready to deal with personnel questions.

148. Finally, the Co-Administrator expressed appreciation for the general recognition by the members of the Council of the transitional nature of the present situation and for the many helpful suggestions that had been made in the course of the discussion. The rapid expansion in programmes, including the processing of a large volume of new requests in the Special Fund component, the strengthening of the field establishment, to which members had attached special importance, and better co-ordination of programmes at headquarters, had all simultaneously, at the beginning of a complicated merger, given rise to substantial additional costs which could not be offset by any savings from the merger. Nevertheless, the budget estimates had been prepared with great care and a deep awareness of the need for economy and the Administrator would administer the budget with due regard for the need for utmost economy consistent with an effective management of the programme. Future budgets would be prepared with these same considerations in mind and would be presented in such a form and with such detailed information as would give the Council a clear picture of the budgetary proposals.

149. In the light of the discussion and of suggestions made by members, the following decision was approved by the Council:

The Governing Council,

Noting that the vast majority of Council members participating in the discussion expressed concern at the increase in the administrative budget estimates for 1966,

Noting the reservations and comments of some members on these estimates,

Noting the Administrator's assurance that he would endeavour to limit the administrative costs of the programme to the utmost,
Decides:

(a) To approve the estimates of 1966 requirements for the UNDP secretariat in a total amount of $13,201,100 (net) as submitted in document D/1/L.2;

(b) To authorize the Administrator to transfer funds between items, and posts between organizational units, and to administer parts I and II of the budget together;

(c) To authorize, in order to finance the 1966 requirements, allocations in amounts of $3,417,021 (net) and $4,784,079 (net) respectively from the resources of the Special Fund and Technical Assistance components of the Programme.

150. Under item 7(c), the Administrator proposed an increase in the permissible excess of earmarkings over resources from $62.8 million to $140 million as from 1 January 1966. This action would enable the Council to earmark an amount slightly in excess of $200 million during the year 1966, covering not only the eighty-two new projects recommended for approval at the January 1966 session, but also the costs of an estimated seventy-five additional projects which the Administrator expected would be ready for approval at the June 1966 session. The impressive increase in the number of high-priority projects expected to be ready for approval in 1966 was a result of the substantially larger number of new requests received from Governments during the preceding year. It was pointed out, however, that under existing financial policies it would not be possible to consider any further substantial increase in the permissible excess for future years and that programme earmarkings in 1967 and subsequent years would have to approximate the level of new resources available to the Special Fund component of UNDP in those years.

151. The increase in the permissible excess of earmarkings over resources would also have the effect of decreasing the unallocated balance of resources from the high level of $92.6 million at 30 September 1965. This action would, by late 1967, thereby release virtually all of the available resources for commitment by the Administrator for project purposes. The Administrator stressed his continuing commitment to the policy that allocations should always be covered by the level of current resources.

152. In the discussion of this item, members of the Governing Council gave general support to the increase in the permissible excess of earmarkings over resources to $140 million, although a number of members expressed caution as to possible future proposals to increase this amount, in order to avoid an accumulation of projects which could not be implemented due to lack of the necessary resources. The relation between the unallocated balance of resources and the earmarking policy was emphasized and the hope was expressed that the proposed increase in the permissible excess of earmarkings would result in a substantial reduction in the unallocated balance of resources. It was important to reduce the unallocated balance of resources because increased resources would thus become available for financing projects of assistance to the developing countries. It was indicated that, once this was accomplished, the level of annual earmarkings would have to approximate the level of new resources, and that, if the programme of the Special Fund component of UNDP was to continue expanding, a substantial rise in the level of voluntary contributions would be essential. Several members felt that proposals to mobilize fully the resources that were already available were overdue, and for
this reason they welcomed the Administrator's proposal. A number of members expressed the wish for more systematic and comprehensive reporting of financial information, which was needed in connexion with consideration by the Council of questions of financial policy. The Administrator undertook to provide a detailed statement of the financial positions of each component of the programme as at 31 December 1965 together with projections for future years, which would be available to members before the June 1966 session. Once a format for such statements was agreed, consideration could be given to the content and periodicity of future statements, which could be presented on an annual basis, supplemented by interim statements in less detail.

153. The Governing Council decided that, effective 1 January 1966, the cumulative level of earmarkings shall be permitted to exceed the cumulative level of resources by a maximum of $140 million, and reaffirmed the policy that the total level of allocations should not at any time exceed the total level of current resources.

154. Under item 7 (a), the Administrator presented to the Council draft revisions (DP/6F/L.3) in the Financial Regulations of the Special Fund which were intended to implement decisions of the Governing Council of the Special Fund at its fourteenth session on the treatment of costs of preparatory assistance to Governments which did not result in approved projects. The text of the proposed revisions had been communicated to the Advisory Committee on Administrative and Budgetary Questions.

155. After discussion, the Council approved the revised text of articles 1, 13, 14, 15, 16, 19, 24 and 25 of the Financial Regulations as proposed in document DP/6F/L.3 (see annex IV of this report).

156. The Council also considered the specific problem relating to the absorption of the additional costs of the increased salary scales as from 1 January 1966 in the case of those projects whose allocations had already been increased to a level approaching the 25 per cent ceiling above the Governing Council earmarking laid down in article 15.3 of the Financial Regulations of the Special Fund. The Co-Administrator pointed out that it would be possible to request the Governing Council's approval for additional earmarkings for those projects. However, the secretariat was confident that the additional cost could be absorbed within the amounts already included in the over-all contingency reserve of the Special Fund, and the Co-Administrator suggested that in those specific cases, the penetration of the 25 per cent ceiling on project allocations could be sanctioned by an interpretation of the relevant article of the Financial Regulations.

157. The Governing Council agreed that the 25 per cent limitation laid down in article 15.3 of the Financial Regulations of the Special Fund should be interpreted as being inapplicable in the specific instance of increased allocations made necessary by the salary increases approved by the General Assembly in resolution 2050 (XX) for the projects approved at the fourteenth and prior sessions of the Governing Council of the Special Fund.
158. As reported to the Governing Council of the Special Fund at its fourteenth session, 920 requests for project assistance had been submitted to the Special Fund up to 31 March 1965; between 1 April 1965 and 30 September 1965 an additional 113 requests were received, bringing the total number to 1,013 and the total amount requested to approximately $995 million.

159. The 113 new requests were in the following fields of activity:

<table>
<thead>
<tr>
<th>Subject area</th>
<th>Number of requests</th>
<th>Amount requested $US</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surveys</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mineral and geological</td>
<td>6</td>
<td>6,713,000</td>
</tr>
<tr>
<td>Water power, hydraulic and meteorological</td>
<td>5</td>
<td>5,301,000</td>
</tr>
<tr>
<td>River basin</td>
<td>7</td>
<td>10,385,000</td>
</tr>
<tr>
<td>Land and water use, including forestry</td>
<td>10</td>
<td>14,630,000</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>4</td>
<td>4,944,000</td>
</tr>
<tr>
<td>Manufacturing industries</td>
<td>3</td>
<td>3,427,000</td>
</tr>
<tr>
<td>Fisheries</td>
<td>6</td>
<td>4,536,000</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6,205,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>47</td>
<td>55,746,000</td>
</tr>
<tr>
<td><strong>Research</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural, forestry, veterinary and fishery</td>
<td>14</td>
<td>13,790,000</td>
</tr>
<tr>
<td>Manufacturing, mining and power</td>
<td>10</td>
<td>13,358,000</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>5,668,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>29</td>
<td>37,816,000</td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural, forestry, veterinary and fishery</td>
<td>5</td>
<td>4,398,000</td>
</tr>
<tr>
<td>Industrial</td>
<td>15</td>
<td>14,414,000</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>6</td>
<td>3,475,000</td>
</tr>
<tr>
<td>Secondary school teacher</td>
<td>3</td>
<td>5,452,000</td>
</tr>
<tr>
<td>Public administration and other</td>
<td>11</td>
<td>11,669,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>40</td>
<td>44,468,000</td>
</tr>
<tr>
<td><strong>Economic development planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>118</td>
<td>139,471,000</td>
</tr>
</tbody>
</table>
160. The geographical distribution of the new requests, as well as the cumulative total of all requests received, was as shown below:

<table>
<thead>
<tr>
<th>Geographical area</th>
<th>Requests received 1 April 1965 to 30 September 1965</th>
<th>Requests previously received</th>
<th>Cumulative total to 30 September 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>46</td>
<td>273</td>
<td>324</td>
</tr>
<tr>
<td>The Americas</td>
<td>32</td>
<td>285</td>
<td>257</td>
</tr>
<tr>
<td>Asia and the Far East</td>
<td>23</td>
<td>279</td>
<td>262</td>
</tr>
<tr>
<td>Europe</td>
<td>7</td>
<td>56</td>
<td>63</td>
</tr>
<tr>
<td>Middle East</td>
<td>10</td>
<td>160</td>
<td>110</td>
</tr>
<tr>
<td>Interregional</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>118</td>
<td>900</td>
<td>1,013</td>
</tr>
</tbody>
</table>

161. Of the 217 requests under consideration (118 new requests mentioned above, 97 pending as of 31 March 1965 and 2 resubmitted requests), 32 were recommended for approval at the January 1966 session of the Council, 3 were withdrawn by the requesting Governments, and in three cases the Governments concerned were informed that their requests were not being kept under review. Therefore, as of 30 September 1965, 129 requests were under consideration for inclusion in future programmes.

Programme recommendations

162. The Administrator recommended that the Governing Council approve eighty-two projects and two supplementary earmarkings 2/ (see annex II of this report). This programme totalled $255,660,200, of which $104,837,200 represented UNDP/Special Fund earmarkings and $150,823,000 contributions by recipient Governments.

163. The distribution of recommended projects by field of activity was as follows:

2/ For Paraguay: Supplementary assistance for a road survey in Southern Paraguay; and Regional: Central American fishery development project - participation of Panama.
Table 3

<table>
<thead>
<tr>
<th>Field of activity</th>
<th>Previous programme</th>
<th>Present programme</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of projects</td>
<td>Earmarking $US</td>
<td>Number of projects</td>
</tr>
<tr>
<td>Surveys</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minerals and geological</td>
<td>39</td>
<td>39,284,300</td>
<td>5</td>
</tr>
<tr>
<td>Water power, hydraulic, meteorological</td>
<td>18</td>
<td>12,117,700</td>
<td>6</td>
</tr>
<tr>
<td>River basin</td>
<td>23</td>
<td>28,203,300</td>
<td>5</td>
</tr>
<tr>
<td>Land and water use</td>
<td>95</td>
<td>71,535,600</td>
<td>5</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>19</td>
<td>25,639,100</td>
<td>3</td>
</tr>
<tr>
<td>Manufacturing industries</td>
<td>4</td>
<td>9,579,700</td>
<td>1</td>
</tr>
<tr>
<td>Fisheries</td>
<td>13</td>
<td>18,727,400</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>7,064,300</td>
<td>1</td>
</tr>
<tr>
<td>Sub-total</td>
<td>222</td>
<td>182,335,200</td>
<td>31</td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural, forestry, veterinary and fishery</td>
<td>58</td>
<td>9,461,700</td>
<td>9</td>
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<tr>
<td>Manufacturing, mining and power</td>
<td>32</td>
<td>28,653,700</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>10,941,300</td>
<td>7</td>
</tr>
<tr>
<td>Sub-total</td>
<td>104</td>
<td>95,685,700</td>
<td>23</td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural, forestry, Veterinary and fishery</td>
<td>37</td>
<td>33,588,400</td>
<td>9</td>
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<tr>
<td>Industrial</td>
<td>95</td>
<td>92,029,500</td>
<td>11</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>23</td>
<td>25,021,500</td>
<td>1</td>
</tr>
<tr>
<td>Secondary school teacher</td>
<td>21</td>
<td>25,356,300</td>
<td>1</td>
</tr>
<tr>
<td>Public administration and other</td>
<td>12</td>
<td>9,455,000</td>
<td>5</td>
</tr>
<tr>
<td>Sub-total</td>
<td>186</td>
<td>185,481,700</td>
<td>27</td>
</tr>
<tr>
<td>Economic development planning</td>
<td>9</td>
<td>16,377,600</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>522</td>
<td>478,278,200</td>
<td>82</td>
</tr>
</tbody>
</table>

a/ Includes a supplementary earmarking of $205,000 for Paraguay road survey in Southern Paraguay, a project approved at the tenth session of the Special Fund's Governing Council. See document SF/97/Add.26.

b/ Includes a supplementary earmarking of $493,600 for Regional: Central American fishery development project, which was approved at the thirteenth session of the Special Fund's Governing Council. See document SF/R.10/Add.65.
The UNDP/Special Fund programme, classified by economic sectors, was as listed below:

<table>
<thead>
<tr>
<th>Economic sector</th>
<th>Previous programmes</th>
<th>Present programme</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of projects</td>
<td>Earmarking $US</td>
<td>Number of projects</td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>60</td>
<td>57,640,700</td>
<td>9</td>
</tr>
<tr>
<td>Land and water use</td>
<td>89</td>
<td>73,715,800</td>
<td>11</td>
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<tr>
<td>Animal husbandry</td>
<td>25</td>
<td>19,905,900</td>
<td>5</td>
</tr>
<tr>
<td>Forestry</td>
<td>36</td>
<td>29,935,900</td>
<td>7</td>
</tr>
<tr>
<td>Fisheries</td>
<td>16</td>
<td>17,195,300</td>
<td>5</td>
</tr>
<tr>
<td>Sub-total</td>
<td>226</td>
<td>196,393,600</td>
<td>7</td>
</tr>
<tr>
<td>Industry and infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>46</td>
<td>39,365,900</td>
<td>4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>82</td>
<td>69,437,000</td>
<td>12</td>
</tr>
<tr>
<td>Power</td>
<td>20</td>
<td>19,160,000</td>
<td>4</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>44</td>
<td>42,100,800</td>
<td>6</td>
</tr>
<tr>
<td>Education</td>
<td>59</td>
<td>69,560,000</td>
<td>9</td>
</tr>
<tr>
<td>Other a/</td>
<td>45</td>
<td>42,260,900</td>
<td>10</td>
</tr>
<tr>
<td>Sub-total</td>
<td>296</td>
<td>281,884,600</td>
<td>45</td>
</tr>
<tr>
<td>TOTAL</td>
<td>522</td>
<td>479,278,200</td>
<td>52</td>
</tr>
</tbody>
</table>

a/ Includes public services, public health, seismology, meteorology, physical planning and economic development planning.

b/ Includes a supplementary earmarking of $493,600 for Regional: Central American fishery development project, which was approved at the thirteenth session of the Special Fund's Governing Council. See document SF/R.10/Add.65.

c/ Includes a supplementary earmarking of $205,000 for Paraguay: road survey in Southern Paraguay, a project approved at the tenth session of the Special Fund's Governing Council. See document SF/R.7/Add.26.
165. The distribution of projects by geographical region was as follows:

<table>
<thead>
<tr>
<th>Geographical region</th>
<th>Previous programme</th>
<th>Present programme</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of projects</td>
<td>Number of projects</td>
<td>Number of projects</td>
</tr>
<tr>
<td></td>
<td>Earmarking $US</td>
<td>Earmarking $US</td>
<td>Earmarking $US</td>
</tr>
<tr>
<td>Africa</td>
<td>166</td>
<td>34</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>157,525,900</td>
<td>43,507,800</td>
<td>206,093,600</td>
</tr>
<tr>
<td>The Americas</td>
<td>142</td>
<td>23</td>
<td>165</td>
</tr>
<tr>
<td></td>
<td>125,232,800</td>
<td>28,452,100</td>
<td>153,680,900</td>
</tr>
<tr>
<td>Asia and the Far East</td>
<td>137</td>
<td>20</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>129,119,300</td>
<td>22,596,500</td>
<td>151,683,800</td>
</tr>
<tr>
<td>Europe</td>
<td>33</td>
<td>4</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>30,249,900</td>
<td>4,235,200</td>
<td>34,484,700</td>
</tr>
<tr>
<td>Middle East</td>
<td>13</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>32,224,800</td>
<td>1,066,600</td>
<td>33,291,400</td>
</tr>
<tr>
<td>Interregional</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3,866,000</td>
<td>-</td>
<td>3,866,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>522</td>
<td>32</td>
<td>604</td>
</tr>
<tr>
<td></td>
<td>478,278,200</td>
<td>104,837,200</td>
<td>583,115,400</td>
</tr>
</tbody>
</table>

\[/\] Includes supplementary earmarkings of $205,000 and $493,600 for Paraguay: road survey in Southern Paraguay; and Regional: Central American fishery development project respectively. See documents SF/R.7/Add.26 and SF/R.10/Add.65.

166. This present programme was the largest to date and it was pointed out that fifteen of the eighty-two projects and two supplementary earmarkings concerned were direct follow-ups of previous Special Fund-assisted activities, or projects arising out of such activities.

167. The attention of members of the Governing Council was drawn to salient features of particular interest in the new programme: the provision of assistance on a refundable basis and new fields of assistance.

Assistance on a refundable basis

168. Two of the new projects contained provisions for refundable assistance on the basis that a portion of the income realized as a direct result of UNDP/Special Fund assistance would be paid into a separate local development fund to be used by the Government, in consultation with the Special Fund, for additional development activities. One project involved assistance to the Government of Rwanda for the establishment and initial operation of a pilot plant for pyrethrum production the earnings of which, if successful, would be placed in an industrial fund within Rwanda to finance further expansion of pyrethrum production, if appropriate, or development of other industrial operations. The other project was to assist the Government of Finland in locating deposits of potassium salts by seismic methods and drilling, and in training national staff in these techniques. The UNDP/Special Fund would supply the rotary drill rig, and the Government, in consultation with the Special Fund, would annually set aside an amount in local currency up to the amount equivalent to the cost of the rotary drill rig. This sum would be applied
to defraying expenses associated with the use and maintenance of the drill rig in further drilling programmes to be undertaken by the Government.

169. A third project has provision for refundable assistance under article 4.2 of the Special Fund's Financial Regulations (SF/2/Rev.1). This project illustrates the type of arrangement whereby the Special Fund can be reimbursed in foreign exchange for at least a portion of its financial assistance if foreign exchange earnings result from such assistance. These payments would augment the Special Fund Account and become available for financing further Special Fund activities. This project involves assistance to the Government of Gabon to cover the foreign exchange component of the cost of final engineering designs and specifications to be carried out under subcontract for the construction of the 561-kilometre-long railway between Belinga and Owendo; if investment capital is mobilized on the basis of the pre-investment engineering work to be financed by the UNDP/Special Fund, the foreign exchange made available by the Fund will be reimbursed.

New fields of assistance

170. Seven of the projects recommended represented entirely new fields of activity. In conjunction with UNESCO, the UNDP/Special Fund would be assisting Algeria, Iran and Mali in establishing and operating pilot projects designed to gain crucial experience in the implementation of work-oriented adult literacy projects closely related to economic development. In Venezuela, the UNDP/Special Fund would assist in establishing a research and training programme in community development. Another project was designed to strengthen and expand the Latin American Demographic Centre (CELADE) so that it can intensify its regional activities in demographic research and training. The other two projects concerned the establishment of research centres for developing the resources and economic opportunities arising out of the creation of man-made lakes: Lake Kainji on the lower Niger River in Nigeria and Lake Nasser on the Nile at Aswan in the United Arab Republic.

171. In the following three projects, provision is made for the services of financial advisers to be provided directly by the Special Fund component of UNDP in accordance with the authorization given to the Administrator (then Managing Director) at the eighth session of the Governing Council of the Special Fund: India - Pre-investment survey of fishing harbours; United Kingdom/British Guiana - Forest industries development surveys; Venezuela - Urban research and planning.

Executing agency overhead costs

172. A tabular summary of overhead costs, by executing agency, both for the present and the previous programmes approved, was given (see table 6 below).

Preparatory assistance

173. In addition to the valuable assistance provided by executing agencies in the evaluation of requests, the Administrator sent preparatory assistance missions to assist Governments in the revision of twenty-six requests recommended for approval at this session of the Council, and called upon the services of consultants to supplement the normal appraisals in the case of forty-two requests. The Administrator will present to the second session of the Governing Council, in
summer 1966, his statement of the 1965 preparatory missions which did not result in approved projects, to be charged against the $85,000 authorized for this purpose by the Governing Council of the Special Fund at its fourteenth session. He proposed that for 1966 the Council earmark $80,000 for this purpose.

Decision of the Governing Council

174. The Council, subject to the observations and reservations expressed on some projects in closed session, and without prejudice to the rules which may be adopted concerning the procedure to be followed in approving the programme, decided:

(a) To approve at this session the proposed programme as a whole (see annex II);

(b) To earmark for each of the projects listed in annex II the sum shown in the fourth column of that same annex;

(c) To authorize the Administrator to make appropriate arrangements with Governments and executing agencies for the execution of these projects;

(d) To earmark an additional $10,483,720 (equivalent to 10 per cent of the total shown in the fourth column of annex II) as a reserve for the Administrator's contingency authority;

(e) To earmark the sum of $80,000 to cover the cost in 1966 of financing preparatory assistance missions which do not result in projects approved by the Governing Council.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Previous programmes</th>
<th>Present programme</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project costs $US</td>
<td>Executing agency</td>
<td>Project costs $US</td>
</tr>
<tr>
<td>United Nations</td>
<td>92,275,700</td>
<td>7,974,800</td>
<td>16,955,200</td>
</tr>
<tr>
<td>ILO</td>
<td>42,769,325</td>
<td>4,012,875</td>
<td>7,452,000</td>
</tr>
<tr>
<td>FAO</td>
<td>165,683,400</td>
<td>15,668,900</td>
<td>44,236,600</td>
</tr>
<tr>
<td>UNESCO</td>
<td>83,866,650</td>
<td>7,195,250</td>
<td>12,648,400</td>
</tr>
<tr>
<td>ICAO</td>
<td>11,044,400</td>
<td>746,500</td>
<td>-</td>
</tr>
<tr>
<td>WHO</td>
<td>6,296,800</td>
<td>530,000</td>
<td>2,463,200</td>
</tr>
<tr>
<td>IBRD</td>
<td>17,698,800</td>
<td>465,300</td>
<td>4,753,400</td>
</tr>
<tr>
<td>ITU</td>
<td>12,722,700</td>
<td>1,205,300</td>
<td>1,622,400</td>
</tr>
<tr>
<td>UMO</td>
<td>5,232,300</td>
<td>400,600</td>
<td>5,363,800</td>
</tr>
<tr>
<td>IASA</td>
<td>2,246,100</td>
<td>212,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>439,836,175</td>
<td>38,442,025</td>
<td>94,937,000</td>
</tr>
</tbody>
</table>

\[a/\] Includes UNDP/Special Fund direct costs.
CHAPTER VIII

ACTION TAKEN BY ORGS OF THE UNITED NATIONS AND RELATED AGENCIES IN 1965 ON MATTERS RELATING TO THE UNITED NATIONS DEVELOPMENT PROGRAMME

175. Under item 9 of its agenda, the Council had before it a note by the Administrator (DP/L.6) drawing its attention to resolutions adopted by the General Assembly, the Economic and Social Council, the Technical Assistance Committee, the regional economic commissions and the specialized agencies in 1965, that make direct reference in their operative paragraphs to UNDP or its components.

176. Some members drew the Council's attention in particular to General Assembly resolution 2042 (XX), entitled "Establishment of a United Nations capital development fund", in which the Assembly requested the Governing Council to consider this question at its second session in 1966. They also expressed the hope that pertinent documentation would be made available to the Council for its consideration of this matter.

178. Under item 10 of its agenda, the Council considered a note by the Secretary-General (DP/RP/L.1) by which, in accordance with a decision of the Technical Assistance Committee at its 352nd meeting, on 24 November 1965, he brought the question of an expanded scheme for using associate experts on United Nations technical assistance programmes to the attention of the Council. The Secretary-General transmitted to the Council a draft resolution on associate experts submitted to the Technical Assistance Committee by Denmark, Japan and Nigeria (E/TAC/L.360); the report of the Secretary-General on suggested means of permitting increased use of associate experts on United Nations technical assistance programmes (E/TAC/158); a statement on this question made by the Under-Secretary for Economic and Social Affairs at the 351st meeting of the Technical Assistance Committee, on 24 November 1965; and a note by the Secretary-General containing additional information on the proposed expansion of this scheme.

Summary of discussion

179. The President suggested that, in view of the shortage of time available, the Governing Council might refer the matter for a final decision to the next session of the Governing Council, in June 1966, and that it might place the matter on the agenda of that session. In view of the increasing number of requests from developing countries the Secretary-General could, however, on a strictly experimental basis, try to recruit a limited number of associate experts in accordance with the proposals contained in his report (DP/RP/L.1, annex II). The Secretary-General would be requested to submit a further report on the subject covering, inter alia, information on the experimental programme to the next session of the Governing Council, at which a final decision would be taken and the matter would be referred to the forty-first session of the Economic and Social Council. A large number of members stated that they were prepared to support this suggestion.

180. Most members agreed that, in view of the shortage of time and the need to study the matter more closely, a final decision on the matter should be deferred until the next session of the Governing Council. Some members, while agreeing to a final decision being postponed, regretted that the Governing Council was unable to dispose of the matter at its current session and pointed out that it would be the developing countries which would be adversely affected, since many of their requests for associate experts would remain unfulfilled until such time as the Governing Council took action on the matter. Other members felt that in any case it would be appropriate to defer a decision until the June session of the Council, since it would have to be taken up by the Economic and Social Council at its summer session.
131. Different views were expressed on the proposal that until the Governing Council took a final decision the Secretary-General could, on a strictly experimental basis, try to recruit a limited number of associate experts in accordance with the proposals contained in annex II of document DP/RP/L.1.

132. Many members supported this proposal. Some reiterated that if the Governing Council did not give the Secretary-General such authority the developing countries would suffer, since it was not possible to meet all their requests within the framework of the present associate experts scheme. To give the Secretary-General such provisional authorization would be consonant with the duty of the new Governing Council to ensure that the developing countries received as much assistance as possible, and that the assistance given was in the particular form requested by recipient Governments. It was also pointed out that the Secretary-General would be able to provide a much more meaningful report to the next session of the Governing Council if he was able to test out on an experimental basis the more flexible approaches suggested.

133. Other members, on the other hand, were opposed to such an authorization being given to the Secretary-General. They stated that such an experiment would prejudice the whole issue and that only after the Governing Council and the Economic and Social Council had had an opportunity to consider the substance of the question fully and had taken a firm decision on the matter should the Secretary-General's existing mandate be modified. One or two members questioned whether any useful experience could in any case be gained before the next session of the Governing Council, while other members doubted whether the Governing Council had the legal authority to authorize the Secretary-General to undertake an experiment on a matter that appeared to require the agreement of the Economic and Social Council to modify its resolution 349 (XXXII). One member stated that the financial arrangements suggested in the Secretary-General's report should be altered in such a way that the majority of countries, including the developing countries, would be able to participate in the scheme. The scheme should not be used as a cover for the activities of various voluntary organizations, and all arrangements should be made directly between the United Nations and interested Governments.

134. The proposal put forward by two members that the Secretary-General should take steps before the next session of the Governing Council to ascertain the views of Governments on his proposals was welcomed by members of the Council.

135. In reply to a question from one member, the Under-Secretary for Economic and Social Affairs stated that if the Secretary-General was authorized to proceed with the more flexible scheme proposed, on a strictly experimental basis, the starting-point would have to be the requests received from developing countries. He believed that useful experience could be gained from such an experiment. Every effort would be made during the experimental period to avoid using any technical assistance funds, as would be authorized by operative paragraph 3 of the draft resolution contained in annex I of document DP/RP/L.1. One result of the United Nations failing to meet developing countries' requests for associate experts might be that these countries would ask for fully fledged experts to do the work that could have been done adequately by an associate expert. This could cause a great deal of unnecessary expense.

136. The Council heard the views of the representative of the Office of Legal Affairs to the effect that the Secretary-General could put his proposals (DP/RP/L.1, annex II) into effect, on an experimental basis, in implementation of Economic and
Social Council resolution 849 (XXXII), with the exception of those proposals which would involve an expenditure of United Nations funds and which might, therefore, be contrary to the provision contained in paragraph 6 of that resolution. The latter would require approval by the Economic and Social Council. The Governing Council also heard the Commissioner for Technical Assistance, who stated that the Secretariat had reviewed the situation in the light of the discussion which had taken place thus far in the Governing Council and that the plans would be to intensify efforts to fill the requests for associate experts, which had been increasing in number, by taking some of the steps described in the Secretary-General's proposals, except those with respect to which the representative of the Office of Legal Affairs had expressed some reservations. The Commissioner suggested a formulation of the position of the Governing Council for inclusion in the report to the Economic and Social Council. The Governing Council, after discussion, agreed upon it (see para. 137), with the exception of one member who stated that he was against including in the report anything but a statement that this agenda item was postponed until the next session of the Council.

Decision of the Council

137. The Council decided, in view of the shortage of time available, to postpone a final decision on this matter until its next session in June 1966 and to place the matter on its agenda for that session. It noted that the Secretary-General would meanwhile intensify his efforts under Economic and Social Council resolution 849 (XXXII) to meet the requests of developing countries for associate experts. In addition he would seek the views of States Members of the United Nations and members of the specialized agencies and the International Atomic Energy Agency on the proposals contained in annex II of document DP/RP/L.1. In the light of those consultations and the further experience gained in providing associate experts under Economic and Social Council resolution 849 (XXXII), he would submit a report on the subject to the Governing Council at its next session, at which the Governing Council would take a final decision on the matter and, if necessary, refer the matter to the Economic and Social Council at its forty-first session.
CHAPTER X

DATE AND PLACE OF THE SECOND SESSION

188. The Governing Council decided to accept an invitation from the Government of Italy to hold its second session in Rome. The Council also agreed to convene its second session on 8 June 1966, leaving it to the Administrator to inform Council members if, in the light of arrangements to be made with the Italian Government, a change in this date were required.
ANNEXES

ANNEX I

List of delegations

MEMBERS OF THE GOVERNING COUNCIL

Algeria
   H.E. Mr. Tewfik Bouattoura,* Mr. Hocine Djoudi**

Australia
   Mr. J.C. Ingram,* Mr. A.C. Wilson***

Belgium
   Mr. Jules Woulbroun*

Brazil
   H.E. Mr. José Sette Camara,* Mr. Adhamar Soares de Carvalho,**
   Miss Marina de Barros e Vasconcellos**

Bulgaria
   H.E. Mr. A.ani Panov,* Mr. Dimiter Julev,** Mr. Boyko Dimitrov***

Burma
   U Ba Thaung,* Daw Than Han**

Canada
   Mr. J.R. Barker,* Mr. A.A. Lomas,*** Mr. R.W. MacLaren,***
   Miss M.C. Fletcher***

Ceylon
   Mr. A. Basnayake*

Congo (Democratic Republic of)
   Mr. Théodore Idzumbuir,* Mr. Vincent Mutuale**

* Representative.
** Alternate Representative.
*** Adviser.
Denmark
Mr. Hans Erik Kastoft,* Mrs. Nonny Wright,** Mr. Børge V. Blænd**

Federal Republic of Germany
Dr. Werner Lamby,* Mr. Wilhelm-Guenther von Heyden,*
Dr. Ottheinrich Sartorius***

France
Mr. Maurice Viaud,* Mr. André Levin,** Mr. Ivan Martin-Witkowski,***
Mr. Daniel George,*** Mr. Jean L. Bidaut***

Iraq
Mr. Ala'uddin H. Aljubouri,* Dr. Salim Abdelkader Saleem,**
Mr. Burhan Mohammed Nouri,** Mr. Abdul Hussein Alisa**

Italy
Mr. Mario Franzi,* Mr. Michelangelo Pisani Massamormile,**
Mr. Giovanni Scolamiero,*** Mr. Fabrizio De Martiis***

Jamaica
Mr. S.St.A. Clarke,* Mr. L.M.H. Barnett**

Japan
H.E. Mr. Isao Abe,* Mr. Kunio Muraoka,*** Mr. Michihiko Ikeda***

Jordan
Mr. Moraivid M. Tell,* Dr. Waleed M. Sadi***

Kenya
H.E. Mr. Burudi Nabwera,* Mr. Mwabili Kisaka,** Mr. O.A. Fakih El Kindy,**
Mr. Wera Ambitho***

Liberia
H.E. Mr. Nathan Barnes,* Mr. Martinus L. Johnson,** Mr. Nathaniel Eastman**

Malaysia
Mr. Peter S. Leif

* Representative.
** Alternate Representative.
*** Adviser.
Nepal
H.E. Major-General Padma Bahadur Khatri,* Mr. Devendra Raj Upadhyya**

Netherlands
Dr. Jan Hendrik Lubbers,* Mr. R.F. Karamat Ali***

Norway
Mr. Leif Edwardsen,* Mr. Magne Reed**

Paraguay
H.E. Mr. Miguel Solano López,* Dr. Víctor Manuel Jara Recalde**

Peru
Dr. Jorge Pablo Fernandini*

Poland
Mr. Władysław Neneman,* Mr. Roman Gula***

Rwanda
H.E. Mr. Canisius Mudenge,* Mr. Claver Ryabonyende**

Senegal
Mr. Charles Delgado*

Sweden
Mr. Richard Sterner,* Mr. Bertil Bolin,*** Mr. Tor Lindqvist,***
Mr. Sixten Heppling,*** Mr. Lars Wettergren,*** Miss Irene Larsson***

Switzerland
H.E. Mr. August Lindt,* Mr. Max B. Dahinden**

Tunisia
Mr. Mohammed El Menmi,* Mr. Hamdan Ben Aissa**

Turkey
Mr. Vecdi Türel,* Mr. Ayhan Kamel,*** Mr. Selçuk Tarlan***

* Representative.
** Alternate Representative.
*** Adviser.
Union of Soviet Socialist Republics

Mr. E.N. Makeev,* Mr. M.M. Tarasov,** Mr. N.I. Alenochkin,***
Mr. M.A. Gorbachev***

United Kingdom of Great Britain and Northern Ireland

Sir Andrew Cohen, K.C.M.G., K.C.V.O., C.B.E.,*
Sir Keith Unwin, K.B.E., C.M.G.,** Mr. W.E.H. Whyte,*** Miss L.M. Deas***

United States of America

H.E. Mr. James Roosevelt,* Mr. Walter M. Kotschnig,**
Mr. Clarence I. Blau,*** Miss Majorie C. Belcher,*** Mr. Charles S. Gordon ***

Venezuela

Dr. Ignacio Silva Sucre,* Dr. John Raphael**

Yugoslavia

H.E. Mr. Danilo Lekić,* Mr. Mirketa Cvorčević,** Mr. Zoran Lazarević***

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China

Mr. Chang Shen-Fu, Mr. David T. Fu

Czechoslovakia

Mr. Jan Mažík, Mr. Luděk Handl

El Salvador

Dr. Felipe Vega Gómez

Finland

Mr. Wilhelm Breitenstein

Ghana

Mr. J.B. Wilmot

* Representative.
** Alternate Representative.
*** Adviser.

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Malawi
H.E. Mr. J.R. Ngwiri

Nigeria
Mr. C.M.A. Abiola

Pakistan
Mr. Rafiee Uddin Ahmed, Mr. Naseem Mirza

Philippines
Mr. Pablo R. Suarez, Jr.

Romania
Mr. Gheorghe Popa

United Arab Republic
Dr. Saad Abdel-Fattah Khalil, Mr. Bahaa El Dine Reda

United Republic of Tanzania
Mr. W.E. Waldron-Ramsey

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International Labour Organisation
Mr. Philippe Blamont, Mrs. M.E. de López

Food and Agriculture Organization of the United Nations
Mr. Pierre Terver, Mr. J.L. Orr

United Nations Educational, Scientific and Cultural Organization
Mr. Paul Bertrand, Mr. Arno Maneck

International Civil Aviation Organization
Mr. Helio Costa

World Health Organization
Dr. Rodolph L. Coigney, Dr. J.D. Cottrell, Mrs. Vera Kalm

International Bank for Reconstruction and Development
Mr. Federico Consolo
International Monetary Fund
Mr. Gordon Williams

World Meteorological Organization
Mr. K. Parthasarathy

***

INTERNATIONAL ATOMIC ENERGY AGENCY
Mr. Leon Steinig, Mr. E.V. Piskarev, Mr. Robert Najar

SECRETARIAT

United Nations Development Programme

Mr. Paul G. Hoffman, Administrator;
Mr. David Owen, Co-Administrator;
Mr. Roberto M. Heurtematte, Associate Administrator;
Mr. Myer Cohen, Assistant Administrator and Director, Bureau of Operations and Programming;
Mr. Rajendra Coomaraswamy, Assistant Administrator and Director, Bureau of Evaluation and Reports;
Mr. Karol Kraczkiewicz, Assistant Administrator and Director, Bureau of Administrative Management and Budget;
Mr. Paul-Marc Henry, Assistant Administrator and Associate Director, Bureau of Operations and Programming;

Department of Economic and Social Affairs

Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs;
Mr. Victor Hoo, Commissioner for Technical Assistance;
Mr. Arthur Goldschmidt, Director, Office of Special Fund Operations, Department of Economic and Social Affairs;

Office of Legal Affairs

Mr. Marc Schreiber, Deputy Director, General Legal Division;

Mr. Georges Dumontet, Secretary of the Governing Council,
United Nations Development Programme.
# ANNEX II

List of UNDP/Special Fund projects approved by the Governing Council at its first session

<table>
<thead>
<tr>
<th>DP/SF/R.l Add.</th>
<th>Country</th>
<th>Project title</th>
<th>Governing Council earmarking a/</th>
<th>Estimate of counterpart contribution by Government a/</th>
<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Afghanistan</td>
<td>Training and demonstration in animal health and animal husbandry</td>
<td>$1,041,000</td>
<td>$297,000</td>
<td>$1,338,000</td>
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<tr>
<td>2</td>
<td>Algeria</td>
<td>Accelerated training of agricultural technicians</td>
<td>1,381,700</td>
<td>3,095,000</td>
<td>4,476,700</td>
</tr>
<tr>
<td>3</td>
<td>Algeria</td>
<td>Natural resources surveys, agricultural experimentation and demonstration in the Hodna Region, Central Algeria</td>
<td>2,026,200</td>
<td>2,244,000</td>
<td>4,270,200</td>
</tr>
<tr>
<td>4</td>
<td>Algeria</td>
<td>Work-oriented adult literacy pilot project</td>
<td>1,156,800</td>
<td>4,380,000</td>
<td>6,036,800</td>
</tr>
<tr>
<td>5</td>
<td>Argentina</td>
<td>National Centre for Hydraulic and Applied Hydrological Research, Ezeiza</td>
<td>1,238,800</td>
<td>1,740,000</td>
<td>3,028,800</td>
</tr>
<tr>
<td>6</td>
<td>Argentina</td>
<td>Strengthening the Pan American Zoonoses Centre, Ramos Mejia and Azul</td>
<td>1,646,200</td>
<td>2,341,000</td>
<td>3,987,200</td>
</tr>
<tr>
<td>7</td>
<td>Bolivia</td>
<td>Development of the gold deposits of the Tipuani area</td>
<td>786,700</td>
<td>413,000</td>
<td>1,204,700</td>
</tr>
<tr>
<td>8</td>
<td>Brazil</td>
<td>Hydrological studies of the Upper Paraguay River Basin</td>
<td>1,505,600</td>
<td>880,000</td>
<td>2,385,600</td>
</tr>
</tbody>
</table>

a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.
<table>
<thead>
<tr>
<th>Add.</th>
<th>Country</th>
<th>Project title</th>
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<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Brazil</td>
<td>Meteorological services development in North-eastern Brazil</td>
<td>$1,086,500 $727,000 $1,813,500</td>
<td></td>
<td></td>
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<tr>
<td>10</td>
<td>Brazil</td>
<td>Power development programme for the Southern Region</td>
<td>470,400 1,400,000 1,870,400</td>
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<td></td>
</tr>
<tr>
<td>11</td>
<td>Brazil</td>
<td>Survey of the San Francisco River Basin (phase II)</td>
<td>864,700 4,640,000 5,504,700</td>
<td></td>
<td></td>
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<tr>
<td>12</td>
<td>Chile</td>
<td>Department of Small Industries, Servicio de Cooperación Técnica</td>
<td>1,036,000 6,597,000 7,633,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Chile</td>
<td>Naval Construction Training and Research Centre, Valdivia</td>
<td>755,800 990,000 1,725,800</td>
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</tr>
<tr>
<td>14</td>
<td>China</td>
<td>Food Processing Institute, Changhua</td>
<td>830,000 1,050,000 1,860,000</td>
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<tr>
<td>15</td>
<td>China</td>
<td>Urban planning and housing</td>
<td>727,800 608,000 1,335,800</td>
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<td></td>
</tr>
<tr>
<td>16</td>
<td>Congo (Brazzaville)</td>
<td>Forestry Training and Demonstration Centre, Mossendjo</td>
<td>896,600 330,000 1,226,600</td>
<td></td>
<td></td>
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<tr>
<td>17</td>
<td>Congo (Brazzaville)</td>
<td>Mineral exploration in the South-west</td>
<td>775,900 548,000 1,323,900</td>
<td></td>
<td></td>
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<tr>
<td>18</td>
<td>Congo (Brazzaville)</td>
<td>Survey and development of pelagic fish resources</td>
<td>1,064,300 385,000 1,449,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Congo (Democratic Republic of)</td>
<td>National School of Telecommunications, Leopoldville</td>
<td>1,800,900 2,874,000 4,674,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Cuba</td>
<td>Faculty of Technology, University of Havana</td>
<td>2,096,500 23,550,000 25,646,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Dahomey</td>
<td>Pilot development of groundwater</td>
<td>1,109,500 358,000 1,467,500</td>
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<td></td>
</tr>
</tbody>
</table>

*a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.
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<tr>
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<th>Country</th>
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<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Ecuador</td>
<td>Faculty of Agricultural Sciences and Veterinary Medicine, University of Guayaquil</td>
<td>$1,139,000</td>
<td>$1,498,000</td>
<td>$2,637,000</td>
</tr>
<tr>
<td>23</td>
<td>Ecuador</td>
<td>Forestry Training Centre, Conocoto</td>
<td>787,700</td>
<td>606,000</td>
<td>1,393,700</td>
</tr>
<tr>
<td>24</td>
<td>Ecuador</td>
<td>Improvement and expansion of the National Agricultural Research Institute (INIAF)</td>
<td>1,866,100</td>
<td>3,702,000</td>
<td>5,568,100</td>
</tr>
<tr>
<td>25</td>
<td>Gabon</td>
<td>Engineering study of the Owendo-Belinga Railway</td>
<td>3,415,000</td>
<td>1,132,000</td>
<td>4,547,000</td>
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<tr>
<td>26</td>
<td>Gabon</td>
<td>National Forestry Institute, Cap Estéries</td>
<td>996,700</td>
<td>1,147,000</td>
<td>2,143,700</td>
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<tr>
<td>27</td>
<td>Greece</td>
<td>Strengthening the Forest Research Institute, Athens</td>
<td>939,300</td>
<td>753,000</td>
<td>1,692,300</td>
</tr>
<tr>
<td>28</td>
<td>Guinea</td>
<td>Strengthening agricultural training at the National Agricultural School, Kindia</td>
<td>1,886,500</td>
<td>1,833,000</td>
<td>3,719,500</td>
</tr>
<tr>
<td>29</td>
<td>India</td>
<td>Assistance to the Calcutta Metropolitan Water and Sanitation Authority</td>
<td>1,087,900</td>
<td>802,000</td>
<td>1,889,900</td>
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<tr>
<td>30</td>
<td>India</td>
<td>Improvement of milk production in the Calcutta area</td>
<td>315,300</td>
<td>5,356,000</td>
<td>6,171,000</td>
</tr>
<tr>
<td>31</td>
<td>India</td>
<td>Institute for Petroleum Exploration, Dehra Dun (phase II)</td>
<td>1,010,900</td>
<td>1,321,000</td>
<td>2,331,900</td>
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<tr>
<td>32</td>
<td>India</td>
<td>Pre-investment survey of fishing harbours</td>
<td>773,300</td>
<td>454,000</td>
<td>1,227,800</td>
</tr>
</tbody>
</table>

a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.
<table>
<thead>
<tr>
<th>DP/SF/R.1 Add.</th>
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<th>Project title</th>
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<th>Estimate of counterpart contribution by Government a/</th>
<th>Estimate of total cost of project a/</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>India</td>
<td>Training and advisory services in tool, die and mould making for the plastic and other industries, Guindy, Madras</td>
<td>$264,700 $1,045,000 $1,509,700</td>
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<td></td>
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<tr>
<td>34</td>
<td>Iran</td>
<td>Soil Institute and associated pilot development project</td>
<td>1,372,800 5,359,000 7,731,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Iran</td>
<td>Work-oriented adult literacy pilot project</td>
<td>1,499,300 1,341,000 3,340,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Kenya</td>
<td>Range Management Division of the Ministry of Agriculture and Animal Husbandry</td>
<td>2,056,800 1,704,000 3,760,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Libya</td>
<td>Industrial vocational training scheme</td>
<td>1,699,400 5,547,000 7,246,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Madagascar</td>
<td>Survey and development of selected forest areas</td>
<td>753,400 477,000 1,230,400</td>
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<td></td>
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<tr>
<td>39</td>
<td>Malawi</td>
<td>Land and water resources development in Southern Malawi</td>
<td>2,623,500 1,203,000 3,826,500</td>
<td></td>
<td></td>
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<tr>
<td>40</td>
<td>Malaysia</td>
<td>Food Technology Research and Development Centre</td>
<td>1,177,600 1,164,000 2,341,600</td>
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<td>41</td>
<td>Mali</td>
<td>Work-oriented adult literacy pilot project</td>
<td>1,118,000 2,293,000 3,411,000</td>
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</tr>
<tr>
<td>42</td>
<td>Mexico</td>
<td>Training, research and extension in animal husbandry at the School of Agriculture (ITESM), Monterrey</td>
<td>1,195,400 1,343,000 2,538,400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a/ The Government’s cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government’s counterpart contribution.

b/ Document DP/SF/R.1/Add.36 contains only a note reading: "No recommendation will be issued under the above symbol".

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<table>
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<th>Project title</th>
<th>Governing Council earmarking a/</th>
<th>Estimate of counterpart contribution by Government a/</th>
<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>Morocco</td>
<td>Pilot development and agricultural training in selected rural zones of the Western Rif</td>
<td>$2,294,700</td>
<td>$2,860,000</td>
<td>$5,154,700</td>
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<tr>
<td>45</td>
<td>Nepal</td>
<td>Feasibility study of irrigation development in the Terai Plain (phase II)</td>
<td>1,348,300</td>
<td>266,000</td>
<td>2,114,300</td>
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<tr>
<td>46</td>
<td>Nigeria</td>
<td>Kainji Lake research project</td>
<td>1,259,100</td>
<td>325,000</td>
<td>2,084,100</td>
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<tr>
<td>47</td>
<td>Nigeria</td>
<td>National Technical Teacher Training College, Lagos</td>
<td>1,313,600</td>
<td>1,645,000</td>
<td>2,958,600</td>
</tr>
<tr>
<td>48</td>
<td>Pakistan</td>
<td>Development of the East Pakistan Forest Research Institute, Chittagong</td>
<td>947,100</td>
<td>1,726,000</td>
<td>2,673,100</td>
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<tr>
<td>49</td>
<td>Pakistan</td>
<td>Hydrological survey in East Pakistan (phase II)</td>
<td>1,111,800</td>
<td>2,235,000</td>
<td>3,346,800</td>
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<td>50</td>
<td>Paraguay</td>
<td>Supplementary assistance for a road survey in Southern Paraguay</td>
<td>205,000</td>
<td>53,500</td>
<td>258,500</td>
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<td>51</td>
<td>Peru</td>
<td>Fishery research and development project</td>
<td>854,600</td>
<td>2,110,000</td>
<td>2,964,600</td>
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<tr>
<td>52</td>
<td>Peru</td>
<td>National Vocational Training Service for Industry (SENATI)</td>
<td>1,040,400</td>
<td>3,772,000</td>
<td>4,812,400</td>
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<tr>
<td>53</td>
<td>Poland</td>
<td>Sub-surface exploration for potassium salts</td>
<td>971,300</td>
<td>1,406,000</td>
<td>2,377,300</td>
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<tr>
<td>54</td>
<td>Republic of Korea</td>
<td>Pre-investment survey of the Naktong River Basin</td>
<td>1,329,800</td>
<td>334,000</td>
<td>1,663,800</td>
</tr>
</tbody>
</table>

a/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

b/ An allocation of $392,100 for this project was originally approved by the Governing Council of the Special Fund at its tenth session in June 1963. See document SF/R.7/Add.26.
<table>
<thead>
<tr>
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<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>Republic of Viet-Nam</td>
<td>National Technical Centre, Phu-Tho (Saigon)</td>
<td>$1,484,900</td>
<td>$2,358,000</td>
<td>$3,842,900</td>
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<tr>
<td>56</td>
<td>Rwanda</td>
<td>Pilot plant for industrialization and pyrethrum production, Mukingo</td>
<td>1,459,500</td>
<td>400,000</td>
<td>1,859,500</td>
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<tr>
<td>57</td>
<td>Saudi Arabia</td>
<td>Secondary School Teacher Training College, Riyadh</td>
<td>1,066,600</td>
<td>4,268,000</td>
<td>5,334,600</td>
</tr>
<tr>
<td>58</td>
<td>Senegal</td>
<td>Survey and development of pelagic fish resources</td>
<td>1,212,000</td>
<td>720,000</td>
<td>1,932,000</td>
</tr>
<tr>
<td>59</td>
<td>Sierra Leone</td>
<td>Land transport survey</td>
<td>687,000</td>
<td>200,000</td>
<td>887,000</td>
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<tr>
<td>60</td>
<td>Sierra Leone</td>
<td>Survey and development of pelagic fish resources</td>
<td>939,500</td>
<td>352,000</td>
<td>1,291,500</td>
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<tr>
<td>61</td>
<td>Singapore</td>
<td>Assistance in urban renewal and development</td>
<td>1,576,400</td>
<td>3,600,000</td>
<td>5,176,400</td>
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<tr>
<td>62</td>
<td>Somalia</td>
<td>Grain marketing, storage and price stabilization</td>
<td>1,192,700</td>
<td>1,000,000</td>
<td>2,192,700</td>
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<tr>
<td>63</td>
<td>Thailand</td>
<td>Soil fertility research</td>
<td>940,500</td>
<td>903,000</td>
<td>1,843,600</td>
</tr>
<tr>
<td>64</td>
<td>Thailand</td>
<td>Technical teacher training, Thonburi</td>
<td>994,200</td>
<td>95,000</td>
<td>1,089,200</td>
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<tr>
<td>65</td>
<td>Tunisia</td>
<td>National Productivity Institute, Tunis</td>
<td>662,200</td>
<td>649,000</td>
<td>1,311,200</td>
</tr>
<tr>
<td>66</td>
<td>Tunisia</td>
<td>National Vocational Training Institute, Radès</td>
<td>890,800</td>
<td>696,000</td>
<td>1,586,800</td>
</tr>
<tr>
<td>67</td>
<td>Turkey</td>
<td>Establishment of the Turkish Management Development Centre</td>
<td>1,239,500</td>
<td>1,014,000</td>
<td>2,253,500</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Add.</th>
<th>Country</th>
<th>Project title</th>
<th>Governing Council earmarking $/</th>
<th>Estimate of counterpart contribution by Government $/</th>
<th>Estimate of total cost of project $/</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>Turkey</td>
<td>Geothermal energy survey of Western Anatolia</td>
<td>$1,035,100</td>
<td>$1,452,000</td>
<td>$2,537,100</td>
</tr>
<tr>
<td>69</td>
<td>Uganda</td>
<td>Small industries development programme and establishment of an industrial estate, Kampala</td>
<td>746,400</td>
<td>1,129,000</td>
<td>1,375,400</td>
</tr>
<tr>
<td>70</td>
<td>United Arab Republic</td>
<td>Lake Nasser Development Centre, Aswan</td>
<td>1,722,700</td>
<td>946,000</td>
<td>2,668,700</td>
</tr>
<tr>
<td>71</td>
<td>United Kingdom</td>
<td>British Guiana: forest industries development survey</td>
<td>1,303,300</td>
<td>685,000</td>
<td>1,993,300</td>
</tr>
<tr>
<td>72</td>
<td>United Kingdom</td>
<td>British Guiana: power development survey</td>
<td>875,500</td>
<td>291,500</td>
<td>1,167,000</td>
</tr>
<tr>
<td>73</td>
<td>United Kingdom</td>
<td>Fiji: survey of the transport system</td>
<td>634,700</td>
<td>415,000</td>
<td>1,049,700</td>
</tr>
<tr>
<td>74</td>
<td>United Kingdom</td>
<td>Mauritius: national system of vocational and technical education</td>
<td>992,300</td>
<td>362,000</td>
<td>1,354,300</td>
</tr>
<tr>
<td>75</td>
<td>Venezuela</td>
<td>National Centre for Training and Applied Research in Community Development</td>
<td>745,300</td>
<td>1,415,000</td>
<td>2,160,300</td>
</tr>
<tr>
<td>76</td>
<td>Venezuela</td>
<td>Urban research and planning</td>
<td>767,300</td>
<td>502,000</td>
<td>1,269,300</td>
</tr>
<tr>
<td>77</td>
<td>Regional</td>
<td>Algeria, Libya, Morocco and Tunisia: Centre of Industrial Studies for the Maghreb</td>
<td>1,454,900</td>
<td>645,000</td>
<td>2,099,900</td>
</tr>
<tr>
<td>78</td>
<td>Regional</td>
<td>Cameroon, Central African Republic, Congo (Brazzaville), and Gabon: inland fishery project</td>
<td>733,500</td>
<td>663,000</td>
<td>1,401,300</td>
</tr>
</tbody>
</table>

The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.
<table>
<thead>
<tr>
<th>Add.</th>
<th>Country</th>
<th>Project title</th>
<th>Governing Council earmarking a/</th>
<th>Estimate of counterpart contribution by Government a/</th>
<th>Estimate of total cost of project a/</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>Regional</td>
<td>Cameroon, Chad, Niger and Nigeria: survey of the water resources of the Chad Basin for development purposes</td>
<td>$2,795,100</td>
<td>$567,000</td>
<td>$3,362,100</td>
</tr>
<tr>
<td>30</td>
<td>Regional</td>
<td>Guinea, Mali, Mauritania and Senegal: design of a system of water management in the Upper Senegal River catchment</td>
<td>1,452,400</td>
<td>360,000</td>
<td>2,312,400</td>
</tr>
<tr>
<td>51</td>
<td>Regional</td>
<td>Kenya, Sudan, Uganda, United Arab Republic and United Republic of Tanzania: hydro-meteorological survey of the catchments of Lakes Victoria, Kioga and Albert</td>
<td>1,937,900</td>
<td>2,236,000</td>
<td>4,173,900</td>
</tr>
<tr>
<td>32</td>
<td>Regional</td>
<td>Central American fishery development project: participation of Panama</td>
<td>493,600</td>
<td>434,000</td>
<td>927,600</td>
</tr>
<tr>
<td>53</td>
<td>Regional</td>
<td>Argentina, Bolivia, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, Uruguay and Venezuela: Latin American Institute for Economic and Social Planning, Santiago</td>
<td>761,200</td>
<td>130,000</td>
<td>891,200</td>
</tr>
</tbody>
</table>

2/ The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.

1/ An allocation of $1,328,900 for this project was approved by the Governing Council of the Special Fund at its thirteenth session in January 1965. See document SF/R.10/Add.65.
<table>
<thead>
<tr>
<th>Add.</th>
<th>Country</th>
<th>Project title</th>
<th>Governing Council earmarking a/</th>
<th>Estimate of counterpart contribution by Government a/</th>
<th>Estimate of total cost of project</th>
</tr>
</thead>
<tbody>
<tr>
<td>84</td>
<td>Regional</td>
<td>Argentina, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru, and Venezuela: assistance to the Latin American Demographic Centre (CELADE)</td>
<td>$1,986,500</td>
<td>$329,000</td>
<td>$2,315,500</td>
</tr>
<tr>
<td>85</td>
<td>Regional</td>
<td>Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama: expansion and improvement of hydro-meteorological and hydrological services in the Central American Isthmus</td>
<td>2,915,000</td>
<td>3,257,000</td>
<td>6,172,000</td>
</tr>
</tbody>
</table>

\[ \text{\textit{a/} The Government's cash payments towards local operating costs are included under the Governing Council earmarking and not in the Government's counterpart contribution.} \]
ANNEX III

Rules of procedure of the Governing Council

I. MEETINGS

Rule 1

The Governing Council shall normally meet twice a year in regular session at such times as the Governing Council determines. Unless the Governing Council decides otherwise, the first session shall be held at the United Nations Headquarters and the second at the European Office of the United Nations.

Rule 2

Additional or special meetings of the Governing Council shall be held by decision of the Governing Council or at the request of:

(a) The Governing Council, or a majority of the members of the Governing Council;
(b) The General Assembly;
(c) The Economic and Social Council;
(d) The President, in consultation with the Administrator.

Rule 3

At least six weeks before the date of the opening meeting of a session, the Administrator shall forward to all members of the Governing Council the documentation relating to items of the provisional agenda, in the working languages. In the case of meetings convened in pursuance of rule 2, the present rule shall be applied with due regard to administrative feasibility.

Rule 4

Meetings shall be held in public. However, meetings at which the projects recommended by the Administrator are examined shall normally be held in private unless otherwise decided by the Governing Council.

Rule 5

Each member shall be represented by an accredited representative who may be accompanied by alternative representatives, advisers and experts.
Rule 6

The specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund, the World Food Programme, the United Nations Organization for Industrial Development and the United Nations Institute for Training and Research may:

(a) Send representatives to meetings of the Governing Council;

(b) Participate, without the right to vote, through their representatives, in deliberations with respect to matters within the scope of their activities.

Rule 7

The Governing Council may invite any Member of the United Nations, or any member of a specialized agency or of the International Atomic Energy Agency, not a member of the Governing Council, to participate, without the right to vote, in its deliberations or any matter which the Governing Council deems to require such participation.

II. AGENDA

Rule 8

The Governing Council shall prepare at each session, on the proposal of the Administrator, the provisional agenda for the next regular session. This provisional agenda shall include any item referred to it or proposed by:

(a) The Governing Council at a previous session;

(b) A member of the Governing Council;

(c) A principal organ of the United Nations;

(d) The Administrator.

Rule 9

The Governing Council, at the beginning of each session, shall adopt its agenda. Any matter within the competence of the Governing Council not included in the provisional agenda for a meeting may be submitted to the Governing Council by a member or the Administrator and added to the agenda by a decision of the Governing Council. The Governing Council may also decide to amend the agenda or to delete from it.

Rule 10

The provisional agenda for special meetings shall be prepared by the Administrator, taking into account the reason for convening the special session.
III. OFFICERS

Rule 11

The Governing Council shall, at the beginning of its first meeting each year, elect a representative "bureau" from among its members, composed of a President, a First Vice-President, a Second Vice-President, a Third Vice-President and a Rapporteur. The officers shall hold office until their successors are elected.

Rule 12

If the President ceases to represent a member of the Governing Council, or is unable to perform the functions of his office, the First Vice-President shall become President. If the First Vice-President also ceases to represent a member of the Governing Council, or is unable to perform the functions of his office, the Second Vice-President shall become President. If the Second Vice-President also ceases to represent a member of the Governing Council or is unable to perform the functions of his office, the Third Vice-President shall become President.

Rule 13

The President, or a Vice-President acting as President, shall participate in the meetings of the Governing Council in that capacity and not as the representative of the member by whom he is accredited. In such case, an alternate shall be entitled to represent the member concerned in the meetings of the Governing Council and exercise the right to vote.

IV. CREDENTIALS

Rule 14

The credentials of representatives and the names of alternates, advisers and experts shall be submitted to the Administrator. The "Bureau" shall examine the credentials and report thereon to the Governing Council.

V. SECRETARIAT

Rule 15

The Administrator or his representatives shall participate without the right to vote in the deliberations of the Governing Council and of its committees.

Rule 16

The Administrator shall be responsible for the arrangements for meetings and the preparation of reports of the Governing Council and its committees.
VI. LANGUAGES

Rule 17

Chinese, English, French, Russian and Spanish shall be the official languages, and English, French and Spanish the working languages of the Governing Council.

Rule 18

Interpretation shall be given from and into the official languages as necessary.

Rule 19

Any member may make a statement in a language other than an official language. In this case, he shall himself provide for the interpretation into one of the working languages. The interpretation into the other working languages by interpreters of the Secretariat may be based on the interpretation provided by the member.

Rule 20

The documentation of the Governing Council shall be made available in the working languages.

VII. RECORDS

Rule 21

Summary records of the Governing Council will be prepared and distributed in accordance with the relevant rules of the rules of procedure of the Economic and Social Council.

VIII. PROCEDURES

Rule 22

A majority of the members of the Governing Council shall constitute a quorum.

Rule 23

If an application to the United Nations Development Programme is being considered in respect of the country which is represented by the President of the Governing Council, the President shall yield the Chair to one of the Vice-Presidents.
Rule 24

(a) The Governing Council shall normally vote by a show of hands except when a representative requests a roll-call, which shall then be taken in the English alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the President.

(b) The vote of each member participating in a roll-call shall be inserted in the record.

Rule 25

Any member dissenting from a decision of the Governing Council may require that his views be recorded in the records of the meeting.

Rule 26

Each member of the Governing Council shall have one vote.

Rule 27

Decisions in the Governing Council shall be made by a majority of the members present and voting.

Rule 28

For the purpose of these rules, the phrase "members present and voting" means members casting an affirmative or negative vote. Members who abstain from voting are considered as not voting.

Rule 29

If, in connexion with the conduct of business of a meeting, any procedural question arises which is not covered in the present rules, it shall be decided by the President, taking into account the corresponding rules of procedure of the Economic and Social Council, if applicable. A member may appeal against such ruling of the President. Such an appeal shall immediately be put to the vote, and the ruling of the President shall stand unless overruled by a majority of the members present and voting.

IX. COMMITTEES

Rule 30

The Governing Council may set up committees of the whole or committees of limited membership and refer to them any questions within its terms of reference for study and report. The Governing Council may, in consultation with the Administrator, authorize such committees to meet while the Governing Council is
not in session. Representatives of the agencies and organizations referred to in
rule 6 and in rule 36 and of the States referred to in rule 7 may attend such
meetings at the invitation of the committee concerned.

Rule 31

Members of committees of limited membership shall be nominated by the
President, subject to approval by the Governing Council.

Rule 32

Reports submitted by committees shall state the decisions of the committees
together with any dissenting views.

X. RELATIONS WITH THE INTER-AGENCY
CONSULTATIVE BOARD

Rule 33

The Administrator shall, on request, convey views of the Governing Council
to the Inter-Agency Consultative Board.

Rule 34

The views of the Inter-Agency Consultative Board, when it so requests, shall
be conveyed by the Administrator to the Governing Council, together with any
comments he may wish to make, when recommending for approval general policies for
the United Nations Development Programme as a whole or programmes and projects
requested by Governments.

XI. CONSULTATIONS WITH UNITED NATIONS BODIES,
INTER-GOVERNMENTAL ORGANIZATIONS AND NON-
GOVERNMENTAL ORGANIZATIONS

Rule 35

The Governing Council may invite appropriate bodies of the United Nations
to send representatives to its meetings.

Rule 36

The Governing Council may also, when it considers it appropriate, invite
inter-governmental organizations, and non-governmental organizations in consultative
status with the Economic and Social Council, to attend its meetings at which
questions of concern to them are discussed.
XII. AMENDMENT OR SUSPENSION OF RULES OF PROCEDURE

Rule 37

A rule of procedure may be amended or suspended by the Governing Council.
ANNEX IV

Revision of the Financial Regulations of the Special Fund (SF/2/Rev.1) to implement decisions of the Governing Council of the Special Fund at its fourteenth session a/

TEXT OF THE REVISIONS APPROVED BY THE GOVERNING COUNCIL OF THE UNITED NATIONS DEVELOPMENT PROGRAMME AT ITS FIRST SESSION

Article 1 - Definitions

Article 1.1 For the purpose of these regulations, the following definitions will apply:

... 

(j) EARMARKING means the designation and reserving of resources by the Governing Council to cover:

... 

(3) A reserve for the preparatory authority granted by the Governing Council for use by the Managing Director,

(4) A provision for the cost of preparatory assistance which does not result in projects approved by the Governing Council, and

(5) A provision for the Managing Director's administrative budget.

(k) ALLOCATION means the provision of funds by the Managing Director to cover:

... 

(2) The cost of preparatory assistance authorized by the Managing Director,

(3) The annual cost of preparatory assistance which does not result in projects approved by the Governing Council, and

(4) The Managing Director's annual administrative budget.

... 

a/ See paras. 154-155 of the report.
Article 13 - Charges against the Special Fund Account

Article 13.1  The Special Fund Account shall be charged with:

(a) Costs incurred in connexion with projects approved by the Governing Council,

(b) Costs of preparatory assistance which did not result in projects approved by the Governing Council, and

(c) Costs incurred under the administrative budget as approved by the Governing Council.

Article 14 - Earmarking of funds by the Governing Council

Article 14.6  The Governing Council shall also earmark funds to cover the Managing Director's preparatory authority, the cost of preparatory assistance rendered thereunder which did not result in projects approved by the Governing Council and the administrative budget.

Article 15 - Allocation of funds by the Managing Director

Article 15.1  Within the level determined by the Governing Council the Managing Director may allocate the necessary funds to cover the full cost to completion of projects, the cost of preparatory assistance rendered under his preparatory authority, the cost of such preparatory assistance which did not result in projects approved by the Governing Council and the administrative budget.

Article 15.5  Upon the termination of the Special Fund's assistance towards a project, funds allocated in excess of commitments incurred in respect thereof shall become available for allocation for other purposes in accordance with Article 15.1. Funds allocated to cover the cost of preparatory assistance which does not result in projects approved by the Governing Council and to cover the administrative budget which are in excess of commitments incurred in respect of any particular year for these purposes shall revert to the Special Fund Account at the end of the year.

Article 16 - Preparatory assistance

Article 16.2  If such a request for Special Fund financing results in a project subsequently approved by the Governing Council, the cost of any preparatory assistance authorized by the Managing Director under Article 16.1 shall be included in and charged to the project budget.
Article 16.3 If the request does not result in a project approved by the Governing Council, the cost of any preparatory assistance authorized by the Managing Director under Article 16.1 shall be charged to a separate account within the Special Fund Account for which funds have been earmarked by the Governing Council in accordance with Article 14.6.

Article 16.4 To facilitate the prompt commencement of project implementation as soon as possible after approval of the Governing Council the Managing Director may authorize the commitment or expenditure of funds for project costs in advance of signature of plans of operation and may authorize the advance purchase of standard items of equipment.

Article 19 - Commitments, obligations and expenditures

Article 19.1 For projects executed by Executing Agencies and for preparatory assistance financed under the Managing Director's preparatory authority by Executing Agencies the regulations, rules, policies and practices of the Executing Agency relating to the commitment and expenditure of funds shall apply to the extent that they are appropriate.

... 

Article 19.3 For preparatory assistance provided by the Managing Director under his preparatory authority the regulations, rules, policies and practices of the United Nations relating to the commitment and expenditure of funds shall apply to the extent that they are appropriate.

Article 19.4 For the Managing Director's administrative budget, the appropriate regulations, rules, policies and practices of the United Nations relating to the obligation and expenditure of funds shall apply.

Article 19.5 For projects executed by Executing Agencies commitments and expenditures shall be accounted for to the Managing Director in accordance with such terms as are included in agreements entered into under Article 23.2.

Article 19.6 For projects executed by Executing Agencies, commitments may remain valid and expenditures may be made after completion of the project for such periods as are stipulated in the agreements entered into under Article 23.2.

Article 24 - Accounts and financial reports

Article 24.2 The accounts of the Special Fund Account shall be maintained in U.S. dollar equivalents, and shall include accounts for: 

...
(x) commitments incurred against the allocation for the cost of preparatory assistance which does not result in projects approved by the Governing Council;

(xi) commitments incurred against the allocations for the administrative budget;

(xii) currencies on hand at banks and invested and other assets, and liabilities of the Special Fund Account;

(xiii) reserve fund.

... 

Article 25 - External audit

... 

Article 25.2 The annual accounts showing the status of the Special Fund Account, those showing the status of funds for the cost of preparatory assistance which does not result in projects approved by the Governing Council and those showing the status of funds of the administrative budget of the Managing Director, with audit certificates from the United Nations Board of Auditors and their reports, if any, shall be transmitted to the United Nations General Assembly.

...
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