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S U P P O R T

PROGRAMME PLANNING
THE FOURTH PROGRAMMING CYCLE

Mobilization of supplementary resources

The Projects Annotated Listing (PAL) modality

Note by the Administrator

Summary

This document provides information on UNDP's efforts in mobilizing supplementary resources and in ensuring the flow of such additional technical assistance funds to the recipient countries concerned in a programmed and co-ordinated manner. It explains the role played by the Projects Annotated Listing (PAL) in promoting co-financing by presenting to the donor community project proposals emanating from co-ordinated efforts at the field level.

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Introduction

1. Supplementary resources have been playing an increasingly recognizable role in extending and expanding UNDP's development services. While the assured and steady growth of the central funding base remains UNDP's overriding concern, resources raised through third-party cost-sharing and trust fund arrangements allow UNDP to satisfy part of the unmet needs of several of the recipient countries, as identified in the course of their country programming exercises.

2. Co-financing has been receiving greater attention from UNDP, not only for the purpose of mobilizing supplementary resources, but also for responding to the increased demand and necessity for improved aid co-ordination at the country level. It is UNDP's position that co-financing modalities should be related to the overall assessment and planning of technical assistance requirements that are identified and co-ordinated through the UNDP/recipient Government country programming exercise. This provides the proper framework to link the developing countries' priority needs for technical assistance to the supplementary resources available from prospective donors.

3. Co-financing arrangements with UNDP can be made under two modalities, i.e., third-party cost-sharing and trust funds.

I. THIRD-PARTY COST-SHARING

4. Cost-sharing contributions can be made either for general support to a specific country programme or for specific projects. Cost-sharing contributions and UNDP inputs are fully integrated in project budgets and cost-sharing funds are not separately identified in these budgets. Donor involvement through this modality is identified, however, in the relevant project document as well as in the country programme, whenever appropriate. The commingling of the UNDP and the cost-sharing contribution at the project level through one consolidated project document, and its budget, provides for efficient management of such project activities.

5. Under cost-sharing, the relevant UNDP financial rules, regulations and procedures are applied to all aspects of project management, reporting, financial management and accounting. Total project expenditure at year end is apportioned between the respective sources of financing (indicative planning figures (IPF) and cost-sharing) according to their ratios in project budgets. Interest earned on cost-sharing funds may revert to the project or programme, after costs incurred by UNDP to support the activity have been covered. Agency support costs are charged at the normal applicable rate, and the amount for costs relating to project expenditure financed from cost-sharing must be included in the total cost-sharing contribution paid by the donor.

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II. TRUST FUNDS

6. Trust funds may be established for a general purpose or a specific purpose, covering specific project(s) or country(ies) and can be open to multiple donors. Under the trust fund modality, donor inputs are separately identified and accounted for. UNDP financial rules, regulations and procedures are applicable in all respects, as is the case with cost-sharing resources. In addition to the normal agency support costs there is a charge to cover the costs to UNDP headquarters and field offices of supporting the trust fund's activities. Interest earned on trust fund resources reverts to the trust fund itself and may be utilized in any manner agreed with the donor. At the project budget level, individual trust funds are not commingled with UNDP funds, but instead are kept in a separate project budget.

THE PROJECTS ANNOTATED LISTING

7. Following the evolution of the financing modalities described above, the PAL system was introduced in 1984 in order to pursue co-financing in a coherent and uniform manner. The project proposals included in PAL emanate from a process of co-ordinated country programming and project identification at the field level with the recipient country's central authorities. The process is closely related to the country's overall planning requirements and priorities. Thus, the main purpose of PAL is to relate the developing countries' priority needs for technical assistance with the supplementary resources available from the prospective donors for special purposes. With this coherent approach, sectorally unbiased, global in its outreach (without restriction to a given region), resulting from an integral programming process at country level, the PAL modality provides the specific framework in which co-financing possibilities for technical assistance can be pursued.

8. The last issue of the PAL was distributed to the prospective donor Governments in March 1986. The submission to each donor was selected from the widest possible number of project requests received from the recipient's central authorities and reflected the donor's specific geographic and sectoral interests and preferences. To avoid possible oversights, however, a "mini-PAL" - containing descriptions in "capsule" form of all project summaries - was also part of the package.

9. UNDP has been receiving positive reactions to the PAL modality from recipient Governments and the donor community. UNDP therefore trusts that donor Governments will make effective use of PAL as a stimulus and reference point for identifying and pursuing co-financing possibilities under a programmatic approach. By using PAL, the recipient Governments' co-ordinating capacity stands to benefit, and the country programme role is enhanced, while the donors can still satisfy their special topical interests in their regular programme review meetings with the United Nations executing agencies as a follow-up to PAL.

10. Sample copies of PAL will be distributed at the time of the presentation of this paper to the Governing Council.

