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ECONOMIC COMMISSION FOR AFRICA

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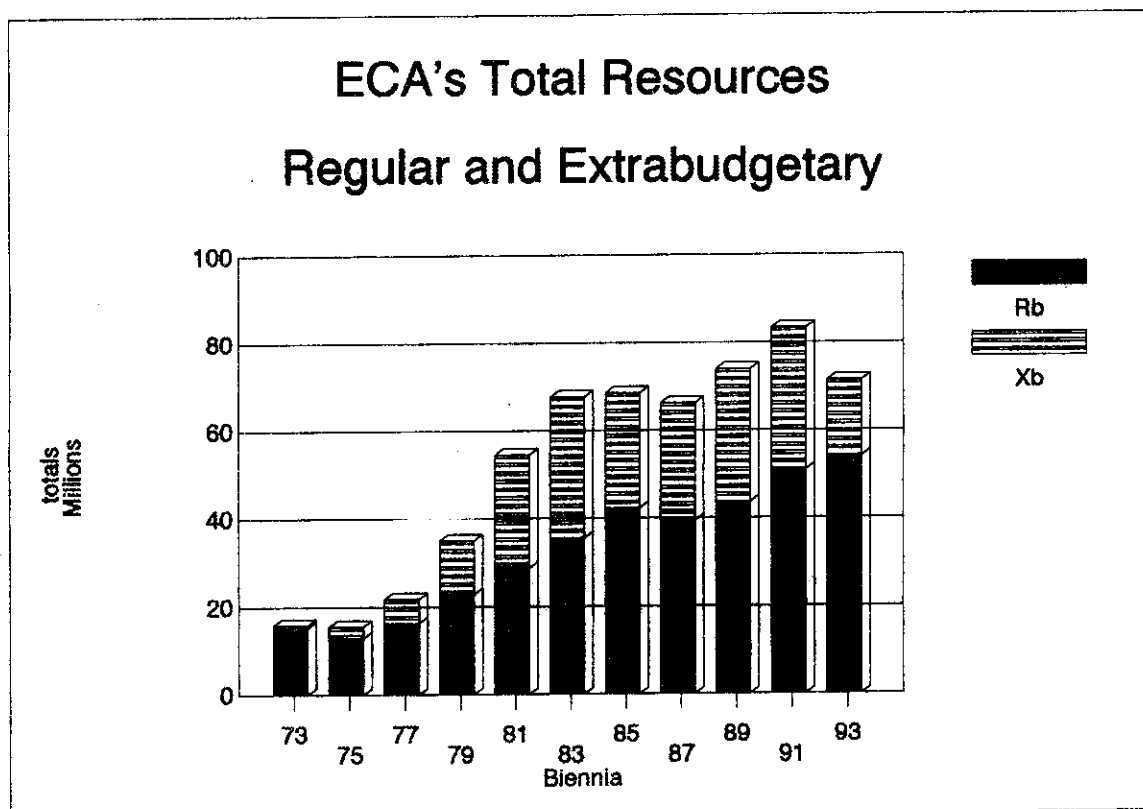
Addis Ababa, Ethiopia
20-24 April 1992

**A REVIEW OF THE CRITICAL SITUATION OF THE EXTRABUDGETARY
RESOURCES NEEDED FOR THE OPERATIONAL ACTIVITIES IN ECA**

THE FINANCIAL RESOURCES OF ECA: 1972-1993

1. The following figures show the changes in the financial resources of the Economic Commission for Africa between 1972 and 1993. The information for the figures is derived from the "Financial Report and Audited Financial Statements and Report of the Board of Auditors", Official Records of the General Assembly for the biennia 1972-1989. The amounts for the biennia 1991 and 1993 are estimates.

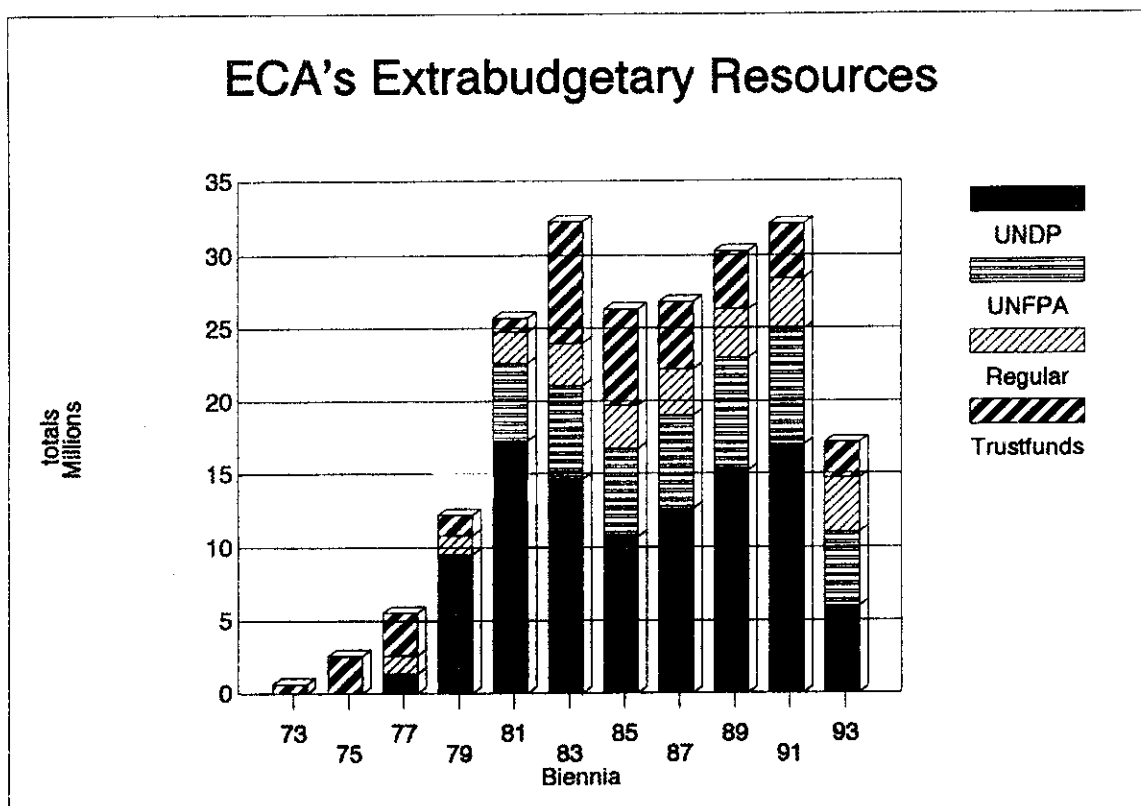
Figure 1. ECA's total resources¹



2. In figure 1, the regular budget (RB) shows a biennial increase of 20-25 per cent between 1975 and 1985, with the exception of the biennium 1979 which had an increase of 40 per cent from 1977's figure. After the cut-back in resources in 1987, due to the United Nations financial crisis, the biennial increase dropped (1989: 11 per cent, 1991: 16 per cent, 1993: 6 per cent).

3. The extrabudgetary resources (Xb) varied between \$US 25-32 million biennially between 1981 and 1991.

¹ Explanation of the figure: (a) financial figures are not corrected for inflation; (b) the regular budget (RB) in the figure represents the General Assembly's regular budget allocation for substantive activities, Section 13 of the Financial Report. Section 13 constitutes about 90 per cent or more of the total resources for substantive activities over the years. Not included are, for example, the FAO contribution and contributions from the General Assembly for construction purposes; (c) the numbers on the X-axis stand for the concluded biennia; for example, 85 stands for the years 1984-1985.

Figure 2. ECA's extrabudgetary resources grouped by main donors

Source: Proposed programme budgets for the respective biennia.

4. Figure 2 shows that, between 1972 and 1981, ECA witnessed a substantial increase in its extrabudgetary resources as a result of its acquired status as an executing agency, provided through General Assembly resolution 33/202 of 1978. The figure has remained stable between 1981-1991. If the figures are corrected for inflation, there has been a steady decline in resources in real terms. The prospects for 1992-1993 are unpromising.

5. UNDP's and UNFPA's figures for the year 1993 are estimates based on the changes of policies perceived for these organizations. The trends assume no significant changes of ECA's projects, which at present appears to be an optimistic assumption. This is also relevant for the estimated figure for trust funds, which mainly represents the bilateral donations of Western countries. "Regular" stands for the General Assembly's contribution called the United Nations Regular Programme of Technical Cooperation (UNRPTC), which is not strictly extrabudgetary, but behaves in the same cyclic manner as extrabudgetary funding. This has increased biennially by approximately 6 per cent, but is unlikely to do so in the future, because of the Organization's difficult financial position.

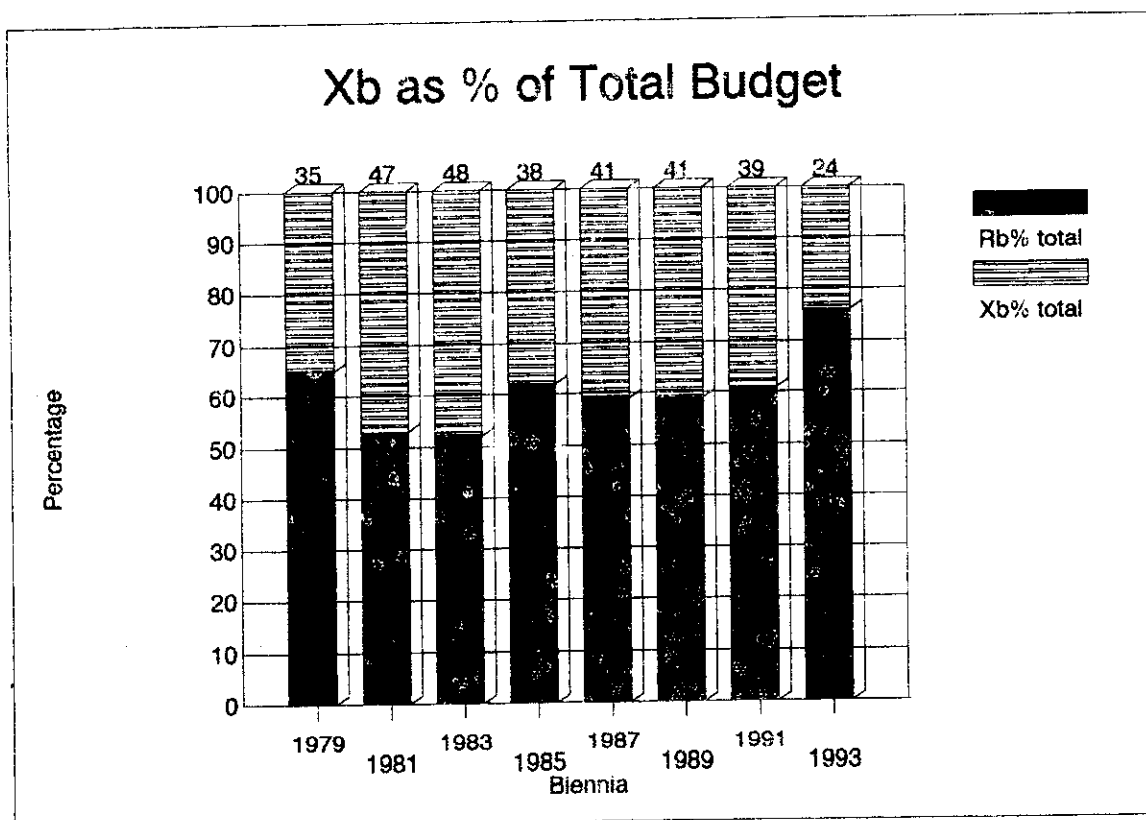
ECA's extrabudgetary resources in comparison

6. If we look at the extrabudgetary resources in the financial structure of the United Nations in the 1980s - from the biennium 1980-1981 to 1990-1991 - we see an increase of the extrabudgetary resources (excluding peacekeeping activities) by 86.2 per cent, whereas the regular budget resources within the same period increased by 48.3 per cent.

7. The facts for ECA are quite different for this period. They show an increase of the extrabudgetary resources of 26.7 per cent, and an increase of the regular budget resources of 76.9 per cent.

8. Figure 3 shows ECA's extrabudgetary resources as a percentage of the total budget since the biennium 1979.

Figure 3. Extrabudgetary resources as percentage of the total budget



Source: Proposed programme budgets for the respect biennia.

9. Although there was an increase of extrabudgetary resources between 1985 and 1991 of some \$US 6.2 million (see figure 2), the XB as a percentage of the total budget remained about 40 per cent. While the XB constituted almost 50 per cent of the total budget in the early 1980s, this will reduce to about 25 per cent for the next biennium, as the reductions brought about by resolution 44/211 come into play.

Figure 4: Regular and extrabudgetary resources of regional economic commissions during the 1980s
(in \$US million)²

	1980-1981		1982-1983		1984-1985		1986-1987		1988-1989	
	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB
ESCAP (%)	24.6	23.8 49	29.5	33.7 53	33.0	33.6 51	30.1	34.7 54	33.3	42.9 56
ECLAC (%)	40.4	21.4 35	43.3	16.4 28	40.5	16.4 29	33.9	18.8 36	38.9	21.9 36
ECA (%)	28.8	15.7 47	35.4	32.3 48	42.3	26.3 38	39.4	26.8 41	43.7	30.3 41
ECE (%)	24.3	1.6 6	24.0	2.3 9	23.3	1.8 7	28.7	1.5 5	31.6	1.8 5
ESCWA (%)	12.6	3.6 22	19.9	4.3 18	26.5	4.8 15	27.1	4.8 15	32.0	5.3 14

10. In figure 4, the extrabudgetary resources of ECA rank second from the top both in absolute and relative terms as the second best. The significant difference between, say, ESCAP and ECA is the amount of resources derived from other agencies of the United Nations system (particularly UNDP and UNFPA): on a very rough scale, the amount provided by bilateral donors can be 1015 percentage points higher for ESCAP than for ECA. The effects on ECA of any reduction in funds through the United Nations system are thus proportionately more serious.

11. Apart from minor increases or declines for various commissions, however, the situation has remained static since the adoption of General Assembly resolution 33/202 for all commissions, with the level of resources being dependent on the particular circumstances of each region.

Conclusions and recommendations

12. Extrabudgetary resources have often been considered as an indicator of the usefulness of regional commissions to their member States. For donors, they have also served as an indicator of the value of the commissions as conduits for technical assistance.

13. The various figures presented in this paper show that problems with regard to extrabudgetary resource flows are systematic within the regional commissions. Resources grew rapidly after the adoption of, first, General Assembly resolution 32/197, defining the role of the commissions, and, subsequently, 33/202, establishing their executing agency status. Resources will decline drastically in 1992, following the implementation of General Assembly resolution 44/211 through the UNDP Fifth Cycle and UNFPA country programming.

14. The reaction of the Conference of Ministers to this situation has been evident. Commission resolution 720 (XXVI) of 12 May 1991 endorsed the orientation paper on the Fifth UNDP Inter-Country Programme for Africa, 1992-1996, but expressed the concern of the Ministers about the reduction of

² Figures are drawn from the "Financial Report and Audited Financial Statements and Report of the Board of Auditors", Official Records of the General Assembly, ECA's extrabudgetary resources.

resources being provided to Africa under that programme. Subsequently, at the third extraordinary meeting of the Conference in Windhoek, Namibia (25-27 November 1991), the Ministers, while providing their support, did not endorse the programme, and again expressed their concern regarding the reduction of resources available to it.

15. It must be concluded that much of the imminent decline in ECA's extrabudgetary resources is due to institutional or legislative problems. Accordingly, the Ministers may wish to consider the following recommendations:

(a) That the extrabudgetary funding mechanisms of the regional commissions be reviewed, with the objective of re-establishing their authority in attracting such funds. If improvement is not possible under existing institutional arrangements, a separate pledging arrangement should be established for the express purpose of funding regional cooperation;

(b) The General Assembly should be requested to review General Assembly resolution 44/211, with a view to making its aims more comprehensive. The initial purpose of the resolution was to move responsibility for development through technical assistance from the donors to the recipients. Resolution 44/211 has defined this movement in country terms. However, a significant portion of development, particularly in Africa, also must occur at the inter-country level, where the commissions, in collaboration with the subregional institutions, are typically the institutional mechanisms for economic cooperation. An updating of the resolution should recognize this fact, and provide a special role for the commissions in operational activities for development. The resolution should further define the mechanisms for funding of the commissions' activities which would allow this role to be adequately fulfilled;

(c) The Commission may wish to advise that preparations for the United Nations Pledging Conference for Development Activities should give prominence to funding of African development assistance through UNTFAD, or a similar mechanism;

(d) Bilateral donors should be advised of these issues, with a view to re-establishing a viable programme between them and ECA for inter-country regional cooperation in Africa.