

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP

Distr.
GENERAL

DP/451
2 March 1980

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Twenty-seventh session
June 1980
Agenda item 5(a)

PREPARATIONS FOR THE THIRD CYCLE 1982-1986

Intergovernmental Study Group on Future Financing of the Programme

Note by the Administrator

Summary

In accordance with Governing Council decision 79/11, the Intergovernmental Study Group was convened "... to consider possible options for achieving more stable and predictable financing ..." of UNDP activities (E/1979/40, chapter XXI, section F, p.146). The Administrator was requested to report to the Council at its twenty-seventh session on the outcome of the Study Group's discussions.

Accordingly, the Administrator is bringing to the attention of the Governing Council the report of the Intergovernmental Study Group and its recommendations contained in paragraph 12.

/...

REPORT OF THE INTERGOVERNMENTAL STUDY GROUP
ON FUTURE FINANCING OF THE PROGRAMME
19-20 FEBRUARY 1980

Introduction

1. The Intergovernmental Study Group established by Governing Council decision 79/11^{1/} held its first session at United Nations Headquarters, New York, from 19 to 20 February 1980 in accordance with Governing Council decision 79/49, part II, paragraph 2(b)^{2/}. The Study Group held meetings during this period.

Election of officers

2. At its first meeting, the Study Group elected by acclamation H.E. Ambassador Berenado Vunibobo (Fiji) to serve as Chairman. The Group also elected by acclamation Mr. Douglas Lindores (Canada) as Vice-Chairman, and Mr. Jaromir Felcman (Czechoslovakia) as Rapporteur.

Adoption of the agenda

3. At its first meeting, the Group also adopted the agenda as contained in document DP/ISG/1. The agenda is reproduced as annex II to this report.

Attendance

4. Representatives of Governments participating in the United Nations Development Programme who attended the session, as well as representatives of intergovernmental bodies, representatives of Specialized Agencies and other organizations of the United Nations development system, and representatives of national liberation movements and other organizations recognized by the General Assembly as eligible to participate in meetings convened under the aegis of the United Nations, are listed in annex III to this report.

^{1/} See Official Records of the Economic and Social Council, 1979, Supplement No. 10 (E/1979/40), chapter XXI, section F.

^{2/} Ibid, Chapter XXI, section S.

Introductory statement

5. In his introductory statement to the Study Group, the Administrator underscored the importance of the Group's deliberations and expressed the conviction that all participants would want to ensure that the flow of resources to the Programme would be increased. He emphasized that multiyear pledging would contribute enormously to the effective management of the Programme. He acknowledged that such a system would have to be in harmony with existing procedures of participating Governments.

6. The Administrator also emphasized that the question of more equitable participation of all Governments in the financing of the Programme was equally deserving of the Study Group's attention. Referring to the strong possibility that average annual contributions during the third cycle would have to be in excess of one billion dollars, he stressed that it would be essential for many more Governments to become larger, indeed major, contributors to the Programme. It would be a clear expression of the principle of collective self-reliance should developing countries in a position to do so make strenuous efforts to increase their contributions.

Summary of the discussion

7. Members of the Study Group stressed the need for UNDP to maintain its dynamic growth, and several stressed that this could be achieved if there were the necessary political will. Reference was made to General Assembly resolution 32/51 on the acceleration of the transfer of real resources for development. Members stated that UNDP should be able to undertake its resources planning on a more stable, continuous and predictable basis. Several members gave strong support to the proposal that UNDP's future financing should incorporate the multi-year pledging concept and suggested that the broader adoption of multiyear pledging should be an integral part of resources mobilization for the third planning cycle. This would add to the credibility of the United Nations system as a whole. One member stated that the Administrator had been requested to present a clear demonstration of the need for multiyear financing. He stated that, so far, the case presented was still somewhat vague and, at this time, his Government neither accepted nor rejected the multiyear pledging concept. Some members suggested that there was a possibility that the application of multiyear pledging might affect adversely the rate of growth of resources for UNDP, since public disclosures of future pledging intentions might tend to make some donors more conservative and less flexible in their pledges. Other members did not share this view. One member stated that a multiyear pledge for UNDP would tie up allocations in the future distribution of the over-all development assistance budget.

/...

8. Several members pointed out that there were no major procedural difficulties in their countries in adopting pledging procedures for UNDP similar to those used in the financing of the International Development Association (IDA), the International Fund for Agricultural Development (IFAD), and the regional development funds. Other members referred to the constitutional or other differences that existed between providing finance for capital institutions and resources for UNDP. They preferred to seek a solution to the latter issue within the present legal framework and with more long-term consideration. One member suggested that the Administrator should be invited to study the legal and procedural constraints that had been mentioned by some members and that the results should be presented to the Study Group. This study should examine the need for an international agreement on the subject. Two other members supported this proposal. Another member called for more time, and more reflection, on the idea of applying the IDA model to UNDP. One member stated that pledges to UNDP should not be mere replenishments of what had been spent, but should represent a growth in contributions to the Programme. He also emphasized that the nature of UNDP was wholly different from that of IDA and IFAD. This view was supported by another member. At the conclusion of the discussion on this matter, it was agreed that no action would be taken by the Administrator on the proposal reproduced in Annex I to this report.

9. As to the method of multiyear pledging for UNDP that might be generally adopted, a majority of the participants who spoke considered that the most promising of the various models that had been suggested consisted of making a firm pledge for the first year and indicative pledges for two or three subsequent years on a rolling basis, with their eventual commitment being subject to parliamentary approval.

10. In considering the issue of more equitable participation in the financing of the Programme, several members stressed the need for a change in the present position whereby a handful of major donors were responsible for the bulk of mobilized resources. One member stated that the growth of UNDP resources should reflect world economic realities, including the position of newly affluent countries. Some members reminded the Group that more equitable sharing in UNDP was a matter for Governments alone to decide in the context of their over-all Official Development Assistance (ODA) strategy. While some members were opposed to linking the concept of a more equitably shared cost of the Programme to that of multiyear pledging, other members saw these two issues as inseparable. These Governments did not favour any rigid formula for more equitable sharing, but preferred a flexible negotiation of the matter. In this context, several speakers stressed the importance for the Programme of there being more net contributors to the Programme. Other members urged the need for contributions to be made in such a way as to avoid the accumulation of non-convertible currencies. Most Governments emphasized the need to maintain the voluntary nature of the Programme.

11. All speakers expressed their willingness to continue informal negotiations on future financing of UNDP, while keeping open certain options for the future. Several members urged the active participation of the Administrator in such negotiations.

Recommendations of the Study Group

12. The Intergovernmental Study Group on Future Financing of the Programme recommends to the Governing Council that:

(a) All participants in the Programme should be urged to maintain the dynamic growth of the Programme so that the contributions targets set for the second and third programming cycles are attained;

(b) The need for resources planning by UNDP on a more stable, continuous and predictable basis should be fully recognized;

(c) Further consideration should be given to the proposal that Governments should endeavour to adopt the procedure of multiyear pledging to UNDP, including the possibility of achieving this as part of the financing process for the third planning cycle, 1982-1986; and, in this connexion, particular consideration should be given to the three-year method of multiyear pledging by which a firm commitment would be made for the first year, with indicative contributions for the following two years;

(d) Full recognition should be given to the urgency of attaining a more equitable participation in the financing of the Programme in the context of a voluntary undertaking, with each nation fully free to determine the level of its own contribution;

(e) Informal negotiations on the future financing of the Programme should be carried forward on a continuing basis and the Administrator should be invited to play a central role in such negotiations; and,

(f) The Intergovernmental Study Group should reconvene in order to review further those matters dealing with the future financing of UNDP as may be identified to it by the Governing Council.

ANNEX I

Text of the paragraph proposed by Finland

The Administrator should prepare, in consultation with interested Member States and relevant international development financing institutions, a study of the legal preconditions for instituting for UNDP a multiyear pledging system, basically similar to that used, inter alia, in the IDA and IFAD. The study, to be presented to the next session of the Study Group, should include consideration of the necessity of an international agreement for this purpose.

/...

ANNEX II

AGENDA

1. Opening of the meeting and election of officers
2. Adoption of the agenda
3. Exchange of views on future financing of the Programme
 - (a) Options for achieving multiyear pledging;
 - (b) Possibilities regarding a more equitable sharing of the cost of the Programme;and
 - (c) Conclusions and recommendations of the Study Group
4. Report on the discussions of the Study Group to the Governing Council

ANNEX III

REPRESENTATION AT THE INTERGOVERNMENTAL STUDY
GROUP ON FUTURE FINANCING OF THE PROGRAMME

1. The following States were represented: Algeria, Australia, Austria, Bahrain, Bangladesh, Belgium, Benin, Brazil, Bulgaria, Burundi, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Democratic Yemen, Denmark, Ecuador, Egypt, El Salvador, Fiji, Finland, France, Gabon, Gambia, German Democratic Republic, Germany, Federal Republic of, Greece, Haiti, Holy See, Honduras, India, Indonesia, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Liberia, Malawi, Mali, Mauritania, Morocco, Mozambique, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Senegal, Seychelles, Sierra Leone, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Trinidad and Tobago, Tunisia, Turkey, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Viet Nam, Yugoslavia.
2. The following United Nations offices and programmes were represented: United Nations (Department of Technical Co-operation for Development), United Nations Conference on Trade and Development, United Nations Industrial Development Organization, United Nations High Commissioner for Refugees, United Nations Institute for Training and Research, United Nations Fund for Population Activities.
3. The following Specialized Agencies were represented: International Labour Organization, Food and Agriculture Organization of the United Nations, World Health Organization, World Bank.
4. The following intergovernmental organization participated: Organization of African Unity.
5. The following national liberation movements also attended: African National Congress (South Africa), Pan Africanist Congress of Azania