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DRAFT REPORT OF THE GOVERNING COUNCIL
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME TO THE
SECOND REGULAR SESSION, 1980, OF THE ECONOMIC AND SOCIAL COUNCIL

Chapter XI Decisions of the Governing Council

80/30. Preparations for the third programming cycle, 1982-1986
(Agenda item 5(a))

The Governing Council,

Keeping in view the needs of all the developing countries for technical co-operation, with the ultimate aim of achieving national and collective self-reliance as one of the means towards establishing the New International Economic Order;

Taking into account, in particular, the needs of the lowest income countries, the least developed, land-locked, island developing, MSA countries, those suffering from acute ecological and geographical disabilities and newly independent countries, as well as those on their way to independence;

Reaffirming the basic principle of the universal and voluntary nature of the Programme;

Reaffirming also its Consensus of 1970, which embodies inter alia the principle of the universal and voluntary nature of the Programme, as contained in the Annex to General Assembly resolution 2688 (XXV) of 11 December 1970;

Reiterating that the greatest share of UNDP technical assistance should be channelled to developing countries most in need;

Having considered with appreciation documents DP/377 (Part I), DP/425 and DP/496, concerning the allocation of the gross resources including the distribution of country and inter-country IPTs for the third cycle, 1982-1986;

Emphasizing the urgent need of adequate growth in real terms of the Programme resources;

Recalling UNDP Governing Council decision contained in E/5846/Rev.1 of July 1976 which assumes an annual growth rate in the Programme resources of 14 per cent in 1977-1981;

Taking into account the discussions and various points of view presented at its twenty-sixth session, at its Special Meeting held in February 1980 and at its twenty-seventh session;

1. Decides that the allocation of resources among developing countries, including the distribution of country and inter-country IPFs for the third programming cycle, 1982-1986, shall be based on the following:

(a) For the purposes of forward planning, an assumed over-all average annual growth of voluntary contributions and other programme resources of at least 14 per cent on a cumulative basis from the target level established for 1977-1981, calculated in accordance with the corresponding figures of DP/496, table 2, subject to the review referred to in paragraph 7, thereby each nation determining its own contribution;

(b) Allocation of financial resources to the various programmes and purposes as set out in DP/496, table 2, column 3, including 81 per cent of the resources allocated for country and inter-country IPFs to country IPFs, and 19 per cent to inter-country IPFs; as indicated in the consensus of 1970, these proportions are intended as a planning guide;

(c) For the calculation of individual country IPFs, retention for the third cycle of the basic criteria of per capita GNP and population size and adoption of the following supplementary criteria:

- (i) The special needs of least developed countries, land-locked countries, island developing countries, newly independent countries, countries suffering from acute ecological and geographical disabilities, and front-line and MSA countries, taking into account General Assembly resolution 34/217, that do not benefit from other supplementary criteria;
- (ii) The magnitude of the country's development effort; the extent to which the Government is making structural changes to promote the development process; and the distribution of income and other elements of the establishment of social justice;
- (iii) A country's cumulative debt burden and over-all balance of payments deficit; the chronic deterioration of the terms of trade;

(d) Retention, in the application of the above criteria for establishing third cycle country IPFs, of the general methodology used for the second cycle, subject to the modifications indicated below and otherwise in DP/496;

(e) Eighty per cent of the total amount available for country IPFs to be allocated to countries with per capita GNP of up to \$500. Special treatment should be given by allocating higher increases in IPFs to low-income countries with per capita GNP of \$250 and below, and to countries subject to the conditions indicated in (c)(i) above;

(f) The remaining 20 per cent of total country IPFs to be allocated to countries with per capita GNP of above \$500 in such a way that it would be more advantageous to countries in descending order of their per capita GNP;

- (g) All efforts should be made to ensure that:
- (i) Countries with a per capita GNP below \$3,000, island developing countries and countries whose contributions in convertible currencies exceed their IPFs for the third cycle shall have a supplement wherever necessary to their IPFs for the third cycle so that they receive no less than their country IPFs for the second cycle;
 - (ii) Countries other than those in (g)(i) above shall have a supplement to their IPFs for the third cycle so that they receive no less than 80 per cent of their country IPFs for the second cycle;
 - (iii) Each country with a per capita GNP of above \$1,500 shall receive a country IPF for the third cycle of an amount which may not be in excess of its IPF for the second cycle;

The allocations mentioned above shall be subject to any reductions made necessary by the application of the provisions of paragraph 4, but in such a way that the provisions in paragraphs 1(e) and 1(f) are not jeopardized;

2. Approves, subject to the provisions of 1(g) above, the illustrative country IPFs for the third cycle, as contained in DP/496, annex table 1, and for each individual country, the larger of the figures in Columns I and VI of annex table 2; and requests the Administrator to submit calculations to the next session of the Council for countries for which comparable estimates of per capita GNP and/or population are not presently available and, upon their request, submit calculations to later sessions for those countries whose present estimates for 1978 are subsequently modified substantially;

3. Decides that in light of the fact that the illustrative country IPFs approved in paragraph 2 above would exceed the total amount available for country IPFs as stated in DP/496, table 2, line 8, by approximately \$69 million, that notwithstanding the provisions of 1(e) and 1(f) above, this amount shall be made available by reducing Unallocated IPF (DP/496, Table 2, line 13) by \$50 million, and by reducing Programme Reserve (DP/496, Table 2, line 14) by approximately \$19 million; and that should savings be achieved in regard to agency support costs and/or UNDP administrative budget, such savings shall be used to restore the levels of the Unallocated IPF and Programme Reserve resources, or for such other purposes as the Council may decide at the mid-term review;

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4. Decides

- (i) If mobilization of resources falls short of the target in 1(a), there would be a flat across-the-board percentage reduction in the IPFs of all countries in supersession of any criteria that may interfere with the share of the respective countries;
- (ii) The same principle shall apply to other uses of financial resources indicated in DP/496, table 2, column 3, subject to the Administrator making a more precise estimate of the UNDP administrative budget in the light of resources that may become available;

5. World Bank data on population and on per capita GNP for 1978 shall be used in all cases where they are available in the calculations and in all other instances where reference is made in this decision to these criteria; otherwise, the Administrator shall determine and use the best estimates available, taking into account estimates provided to the United Nations Statistical Office as well as from other reliable sources;

6. In order to achieve the basic objectives of the UNDP, the Governing Council:

(a) Strongly urges all countries, and especially those which have hitherto only made relatively modest contributions, to increase their voluntary contributions to the Programme, so that the objective of raising the living standards, technical capacity and social and economic development of developing countries can be achieved as quickly as possible;

(b) Further urges all donor countries to continue increasing, on a voluntary basis, their contributions at a level necessary to maintain the momentum of the Programme, taking into account their overall contribution to development, particularly those being made by some developed and developing countries, through all channels;

(c) Requests the Administrator to enter into consultations with all countries regarding their voluntary contributions in the course of the third cycle;

(d) Urges all recipient countries in a position to do so, without prejudice to the special needs of the countries listed in 1(c)(i) above, to voluntarily surrender their country IPFs or utilize UNDP resources on a fully reimbursable basis, as well as being contributors or net contributors to the Programme;

(e) Requests the Administrator, in addition to his continuing consultations with countries which do not have IPFs, to enter into consultations with all recipient countries with per capita GNP of above \$1,500 which do not adopt either of the courses envisaged by 6(d) above regarding the establishment on a voluntary basis of regular contributions and reimbursement targets, for each of the years 1982 to 1986, the basis set out below taking fully into account the special needs of the group of countries listed in 1(c)(i) above:

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- (i) countries with a per capita GNP between \$1,500 and \$2,000 would exert their best efforts to gradually increase their annual regular contributions so as to partially reimburse on a voluntary basis as great a proportion as possible of the UNDP-financed programme, using the annualized IPF as a reference;
- (ii) countries with a per capita GNP of between \$2,000 and \$3,000 would gradually increase their annual regular contributions on a voluntary basis so as to partially reimburse the UNDP-financed programme in order to reach, on an annual basis, a ratio of contributions of at least 75 per cent of the annualized IPF by 1985;
- (iii) countries with a per capita GNP above \$3,000 would increase their annual regular contributions on a voluntary basis so as to reimburse the UNDP-financed programme to the extent of 80 per cent by 1984 and 100 per cent by 1985 in the same currencies as those in which the costs of their programme are incurred;

The Administrator shall provide the Council at its twenty-eighth session with a detailed report on the results of consultations with each country, and shall report to the Council each year thereafter on the progress made towards achieving the voluntary contributions targets;

(f) Requests all recipient countries referred to in paragraph 6(e) above, to co-operate with the Administrator on a timely basis in concluding the consultations called for in that paragraph.

7. Authorizes the Administrator

- (a) To consult with Governments with a view to his making as realistic an estimate as possible of the actual resources likely to be available for the Programme for the third cycle;
- (b) To work out the IPFs for each country which shall be available to such countries for programming purposes on the basis of the estimate of resources resulting from the discussions referred to in 7(a), including, if necessary, the application of the provisions of 4(i) above, and to notify each country accordingly.

8. Requests the Administrator

- (a) To undertake and complete the consultations referred to in 7(a) by the end of December 1980 so as to ensure that recipient countries are notified of the IPFs which will be available to them by January of 1981;
- (b) To report to the Council at its twenty-eighth session on the outcome of the consultations referred to in 7(a) above and on the IPFs notified to each country.

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9. Decides to retain for the third cycle the current methodology for the calculation of regional IPFs as indicated in DP/59;

10. Endorses the following supplementary criteria for the allocation of regional IPFs:

- (i) The number of least developed countries in the region;
- (ii) The number of land-locked countries in the region;
- (iii) The number of newly independent countries in the region;
- (iv) The rate of physicians per 1,000 population;
- (v) The literacy rate;
- (vi) The share of industry in GNP;
- (vii) The number of island developing countries in the region;
- (viii) The number of countries suffering from acute ecological and geographical disabilities in the region; and
- (ix) The number of frontline and MSA countries, taking into account General Assembly resolution 34/217, that do not benefit from other supplementary criteria.

11. Endorses the following illustrative regional IPFs based on paragraphs 9 and 10 above on the understanding that these IPFs will be subject to the conditions indicated in paragraph 4 above (million dollars): Africa 283.4; Asia and the Pacific 296.1; Latin America 76.5; Arab States 57.8 and Europe 16.2;

12. Requests the Administrator to maintain, wherever possible, on-going sub-regional projects aimed at enhancing multi-island co-operation, and, in this regard, to explore the possibilities of continuing the financing of such projects at the appropriate level, without prejudice to the allocation of regional IPFs, and to report back to the twenty-eighth session;

13(a) Authorizes the Administrator to approve commitments for technical co-operation projects up to the amount of \$20 million in respect of the Decade For Transport and Communications in Africa during the third cycle, 1982-1986, on the basis that actual cash disbursements would be made within a maximum of \$12.5 million in the period 1982-1986 and the balance in 1987-1991;

(b) Notes the intention of the Administrator, in accordance with established procedures, to allocate from regional and interregional funds towards the financing of the above projects an amount of \$10 million;

(c) Decides that in respect of the balance of \$10 million, the Programme Reserve be utilized as to: (i) \$5 million for the period 1982-1986, and (ii) \$5 million for the period 1987-1991;

(d) Further decides to review the above financial arrangements in 1984 using the mid-term review and, in the light of the actual rate of commitments and expenditures in respect of Decade projects and the latest forecast of resources available to the programme, to determine whether the above schedule of payments may be accelerated.

14. Decides to carry out a mid-term review of the resources being made available and of planning and initial implementation of the third programming cycle; and to include in such review a consideration of the IPFs of countries whose real economic position had deteriorated substantially from 1978 levels, and a general consideration of IPFs should the rate of growth of voluntary contributions and other programme resources have increased by more than 14 per cent par annum;

15. Strongly urges all participants to implement fully its decision in document E/5846/Rev.1 of July 1976 with a view to achieving an assumed average annual growth of voluntary contributions and other programme resources of at least 14 per cent cumulatively on the basis of the target level established for the entire second cycle, 1977-1981;

16. Decides, in order to accomplish the basic objectives of the Programme, of promoting self-reliance and of raising the living standards, technical capacity and economic and social development of the developing countries, the following provisions shall apply to the payment and utilization of contributions:

(a) that recipient countries with a per capita GNP above \$3,000 which wholly or in part make their voluntary contributions in their national non-convertible currencies shall, as far as possible, contribute in convertible currencies over and above the reimbursement stipulated in paragraph 6(e)(iii);

(b) that in view of the multilateral nature of the Programme non-recipient donor countries which make their voluntary contributions wholly or partly in (their national) non-convertible currencies (shall pay) (are requested if possible to pay) a gradually increasing share of their contributions in convertible currencies (so that their contributions will be fully convertible by the year 1985);

(c) meanwhile, entities headquartered in net donor countries which have contributed in non-convertible currencies where such currencies are accumulated and until such accumulations are used, shall be reimbursed for services and equipment purchased under the Programme (only in the currency of that country); (in the currencies in which their contribution is paid); (conversely, if when utilizing a non-convertible contribution, costs are incurred in other currencies, these shall be reimbursed to UNDP in the form of a convertible share of the non-convertible contributions);

17. Decides, in the light of the results of the consultations with recipient countries under paragraph 6(e) and the contributions pledged by non-recipient donors, to review the entire question of enhancing the contributions of recipient countries with per capita GNP above \$1,500 to the general resources of the Programme, and for that purpose requests the Administrator to submit to the Council at its thirtieth session alternative proposals for concrete arrangements for achieving such increase which would be applicable for the fourth cycle.

18. Decides, notwithstanding the absence of a consensus in respect of paragraph 16(b) and (c) remaining in brackets, which subparagraphs are not operative, that all other paragraphs of this decision are fully in effect and in particular authorizes the Administrator to take all necessary actions to implement this decision.

19. Decides to resume consideration of paragraph 16(b) and (c) in the future and urges all parties in the meanwhile to take all steps to review their position so as to ensure that an understanding is reached on these paragraphs.
