GOVERNING COUNCIL

Twenty-seventh session

SUMMARY RECORD OF THE 675TH MEETING

held at the Palais des Nations, Geneva, on Monday, 2 June 1980, at 11 a.m.

President: Mr. VUNIDBORO (Fiji)
later: Mr. POHESCU (Romania)

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GE.80-61850
The meeting was called to order at 11.25 a.m.

OPENING OF THE SESSION (item 1 of the provisional agenda)

1. Mr. VUNDBORQ (Fiji), outgoing President, declared open the twenty-seventh session of the Governing Council.

ELECTION OF OFFICERS (item 2 of the provisional agenda)

2. Mr. SHUMAEV (Union of Soviet Socialist Republics) nominated Mr. Popescu (Romania) for the office of President.

3. Mr. Popescu (Romania) was elected President by acclamation.

4. The President said that in electing him, the Governing Council had paid tribute to his country and to the policy of peace, détente, mutual understanding, international co-operation, the establishment of the new international economic order and the strengthening of the role of the United Nations pursued by his Government and by President Ceausescu. The present session was taking place at a time when everything must be done to prevent an increase in political tension and to resume the course of détente, while strengthening international co-operation. The Council had a duty to adopt responsible decisions which would enable UNDP to increase its aid to developing countries, to strengthen international co-operation and to promote the establishment of a more just and rational economic order. The third programming cycle would be a major contribution to those ends, and it was to be hoped that it would be the subject of consensus. The level of total resources for that cycle, approximately $6.5 billion, which had been supported by the great majority of the members of the Council, seemed not only realistic, but even minimal if UNDP was to carry out its mandate during the first half of the new United Nations Development Decade. That objective could be attained if Governments halted expenditure on armaments for just one day a year. It was therefore puzzling to see that the voluntarily pledged contributions for 1980 had fallen drastically short of the Council's target.

5. UNDP had nevertheless shown, in its 30 years of existence, that it could meet challenges. The figures spoke for themselves: during that period, contributions had risen from $20 million in 1949 to over $691 million in 1979 and, in 1979 in spite of inflation, resources had again increased in real terms under the Administrator's dynamic guidance. Nevertheless, during the next programming cycle, UNDP's activities would be even more extensive, more complex and more demanding; in order to enhance their effectiveness, the decisions of the Governing Council would have to speed up implementation of the new dimensions adopted in 1975, and everyone would have to be guided by political goodwill, understanding and generosity.

6. The President invited members to elect the other officers of the Council.

7. Mr. LINDORES (Canada) nominated Mrs. Vervalcke (Belgium) for the office of first Vice-President.

8. Mrs. Vervalcke (Belgium) was elected first Vice-President by acclamation.

9. Mr. BONNESERRE (Argentina) nominated Mr. Albornoz (Ecuador) for the office of second Vice-President.

10. Mr. Albornoz (Ecuador) was elected second Vice-President by acclamation.
11. The PRESIDENT said that the African group wished to hold further consultations concerning the appointment of the third Vice-President, who could perhaps be elected at the next meeting. He announced that Mr. Farashuddin (Bangladesh) had been nominated for the office of Rapporteur.

12. Mr. Farashuddin (Bangladesh) was elected Rapporteur by acclamation.

ADOPTION OF THE AGENDA (item 3 of the provisional agenda) (DP/444 and DP/445)

13. The agenda issued under symbol DP/444 was adopted.

ORGANIZATION OF WORK

14. The PRESIDENT drew the Council’s attention to document DP/446 containing proposals made by the Secretariat concerning the organization of work in the light of the comments made at an informal meeting of the Council on 2 May in New York. Specifically, in accordance with paragraph 4 of the document, a general debate on item 4 was to be held during the current week. Having also drawn attention to the proposal concerning the use of conference services contained in paragraph 5, he said that the proposed schedule could be modified according to the progress of the discussions. If there was no objection, he would take it that the Council adopted the proposed organization of work.

15. It was so decided.

STATEMENT BY THE ADMINISTRATOR

16. Mr. MORSE (Administrator) said that the present session was being held at a time when a new international development strategy for the 1980s was being negotiated; moreover, the General Assembly was due to meet in special session to assess progress in the establishment of the new international economic order and the wide-ranging recommendations of the Brandt Commission were before the international community. For its part, the Governing Council would undoubtedly conclude many of the arrangements for the third development-co-operation cycle of UNDP. In spite of that apparently positive outlook, however, the prospects for development were hardly encouraging. The continuing difficulties surrounding the North-South negotiations were well known and the long-promised increases in official development assistance were still awaited, as reflected in the shortfall in voluntarily pledged contributions to UNDP for 1980.

17. However, the international community had available to it, for the implementation of development goals, a tested multilateral mechanism; it was the resources which were lacking. UNDP and its partners, in their respective fields of competence, had assessed, sector by sector, the needs of the developing countries for the coming decade; those needs were enormous. ILO, for example, estimated that in those countries the labour force would increase by 450 million people. FAO projected a widening gap between agricultural and non-agricultural revenue, and estimated a net cereal deficit of approximately 88 million tons by the year 2000. According to the World Bank, over 600 million persons suffered a daily calorie deficit; 300 million had to use impure water and 500 million had no basic shelter. UNDP had forecast risks of desertification, deforestation, flooding and siltation, changes in climate and environment-related...
diseases. UNDP itself had informed the members of the Brandt Commission of the serious constraints on growth and development imposed by shortages of key skills in all economic and social sectors; virtually no developing country was in a position to provide the necessary technical, administrative and managerial training. Specifically, there were very few experts in the field of public administration and finance, particularly in the low-income countries. In his recent report on public administration and finance for development in the 1980s, the Secretary-General had drawn attention to the improvements needed in those areas during the coming decade, urging countries to clarify the role of public administration in their national development and to adopt specific measures for its improvement; UNDP and its partners could play a substantially increased role in that area.

18. His purpose in touching upon the development needs to be faced in the 1980s was to stress once again the truly indispensable role of technical co-operation in building national and collective self-reliance, bringing about the structural changes required for a new international economic order, strengthening administrative and technical capacities, and upgrading the human infrastructures of developing countries. Without technical co-operation as the catalyst, development could not be sustained at a time when limited resources were available. As the Director-General for Development and International Economic Co-operation had pointed out, technical co-operation did not consummate development; it facilitated tangible steps toward development. That was the essential task of UNDP and its partners in the decade ahead. Technical co-operation had once been viewed more or less as an adjunct to capital assistance, but today it was understood that progress did not depend on investment alone. For developing countries, a lop-sided emphasis on capital assistance and balance-of-payments support was not likely to stimulate development.

19. However, although technical co-operation was necessary, and indeed indispensable, it was not a sufficient instrument for overcoming development constraints. Political decisions were required at the national level, to carry out the necessary transformations of the economy in developing countries; and at the international level, to create an equitable structure for providing developing countries with greater skills, and greater access to export markets, technology and capital. When those conditions were achieved, technical co-operation could make an effective contribution to growth in developing countries.

20. The major contribution of technical co-operation to economic and social development was its catalytic ability to increase efficiency in the use of resources. But technical co-operation also made a contribution to quantitative increases in the factors of production. Unexploited land might be developed by new techniques and by improved access. Technical co-operation facilitated the more effective use of increased capital - particularly external capital - by providing direct support for investment activities and enhancing local capabilities to use such capital. There were still other ways of assisting developing countries to improve their trade balances and, more generally, their balance of payments, so as to enable them to increase their purchase of goods, services and technologies. The work carried out by the United Nations Conference on Trade and Development, largely with UNDP support, concerning the standardization of products, quality control, the survey and analysis of export markets, export promotion and negotiating techniques were typical examples.
21. As a result of the activity of UNCTAD in particular, technical co-operation was contributing very actively to the promotion of collective self-reliance and economic co-operation among developing countries (ECDC). As a result of the adoption of the programme for ECDC by the Conference at its fifth session, UNDP and UNCTAD had launched a two-year programme with which other competent organizations in the United Nations system would be associated. Technical co-operation would play a critical preparatory role for ECDC in the fields of trade, monetary and financial relations, regional economic integration, the promotion of multinational production enterprises, technology acquisition, transport and insurance.

22. Technical co-operation therefore contributed in different ways to economic and social development. Unfortunately, as was reflected in the very inadequate programmes for the improvement of the data base and the limited resources allocated to skill formation to the selection, adaptation, assimilation and diffusion of imported technologies, and to the creation of institutions and services, technical co-operation had not yet had the opportunity to prove its full worth. Although the importance of all those elements in the development process was widely acknowledged in theory, they continued to be neglected or assigned a secondary role in practice. As the Brandt Commission had observed when studying the question of technical transfers, greater support should be provided for technical assistance activities, including those of UNDP and its participating agencies, which provided an important channel for transmitting technology.

23. On the question of UNDP's operational effectiveness during the 1980s the Council had before it a general report entitled "Evaluation and related measures for improving the quality of technical co-operation". In preparation for the third programming cycle, UNDP had also initiated a study of its experience with country programming. Another report described the measures taken during the past year to intensify its investment follow-up activities, and yet another contained proposals for enhancing the collective involvement of the developing countries in the determination of priorities for UNDP-supported intercountry programmes and in the identification and initiation of regional projects and activities.

24. Whatever the reasons underlying the international community's neglect of technical co-operation, it was his duty to ensure that such neglect could never be attributed to operational shortcomings on the part of UNDP, the primary multilateral source of technical co-operation. The rising volume of special trust funds and multi-bilateral project expenditure entrusted to UNDP - the overhead cost of which absorbed some 25 per cent of its administrative and programme-support budget - attested to the reputation for good management that UNDP had acquired at the field level.

25. As far as management was concerned, therefore, UNDP already had the necessary means to enable resident representatives designated as resident co-ordinators to fulfill the greater responsibilities that had been entrusted to them under the restructuring resolutions adopted by the General Assembly. A global meeting of all UNDP resident representatives, the first in nine years, was to take place in Tunis the following month at the invitation of the Tunisian Government. At that meeting, to which participating and executing agencies had been invited, the challenges of the new decade, the prospects and needs of the third development co-operation cycle (1982-1986), the implications of the restructuring decisions for the Programme and a whole series of matters concerning programmes, management and administration would be examined.
26. He announced that Mr. Pierre Vinde had been appointed Assistant Administrator for Finance and Administration, Mr. Paul Thyness had been appointed Assistant Administrator in charge of the Bureau for Special Activities, and Mr. Horst Wieseback had been appointed Assistant Administrator responsible for the Bureau for Programme Policy and Evaluation.

27. The new responsibilities assumed by resident representatives included their designation as representatives of the United Nations Interim Fund on Science Technology for Development, which was administered by UNDP for the time being. They were assisting Governments, as requested, to identify and formulate projects which might be supported by the Fund. At the recent pledging conference for the Fund, firm pledges had amounted to $35.4 million and anticipated pledges to almost $10 million. A large number of project proposals were already in preparation and he was confident that the Fund, which had been officially launched on 19 May, less than two months after the pledging conference would be actively used to assist the developing countries to make up their leeway in research and development. Governments would have a further opportunity to pledge contributions to the Fund at the general pledging conference which the Secretary-General was to convene in November.

28. Growing international concern about energy problems had prompted him to place before the current session of the Council a proposal for the establishment of a fund to finance exploration for petroleum and other sources of conventional energy in the least developed countries, and to promote the development of new and renewable sources of energy. That fund would be financed by voluntary contributions and, like other UNDP-administered funds, it would benefit from UNDP's administrative services, its field office network and the support of partner agencies, especially the World Bank. In that connexion, he wished to summarize some of the main recommendations before the Council with respect to other funds and programmes managed under UNDP auspices. With regard to the United Nations Capital Development Fund, the increase in the number of contributions had led to a large increase in resources - from $20.4 million in 1975 to $112.4 million, and in projects - from 23 to 130. In his opinion, experimental partial funding should be continued. In connexion with the United Nations Volunteers, Governments should contribute generously and give their fullest support, since it was developing at a vigorous rate and seemed to be well on its way to meeting the approved target of 1,000 volunteers by 1983. Concerning the United Nations Revolving Fund for Natural Resources Exploration, which had achieved success in its first exploration project, he reminded the Council that a proposal had been submitted to it to request donor and recipient Governments to make cost-sharing contributions as an additional source of financing. With respect to the United Nations Sudanu-Sahelian Office, the Council had before it a proposal that the Office, which had proved extremely effective, should extend coverage to three additional countries. He regretted that more Governments had not contributed to the United Nations Special Fund for Land-locked Developing Countries, which was of such importance to geographically-disadvantaged countries, and hoped that reticence about the Fund would be overcome. The Council had before it extensive documentation concerning the extremely valuable work that the United Nations Fund for Population Activities (UNFPA) was undertaking with UNDP administrative and field support. UNDP and UNFPA held continuous consultations to co-ordinate their activities in the field and at headquarters.
29. With regard to other UNDP activities in 1979, measures to strengthen technical cooperation among developing countries were particularly important.

30. As Council members were aware, UNDP had for 10 years been administering resources which were made available from time to time to the Special Measures Fund for Least Developed Countries. Except for the pledges made towards the end of 1979, the resources of the Fund, which amounted to some $85 million, had been fully committed.

31. Referring to the recent accession of Zimbabwe to independence, he said he was happy to inform the Council that, at the request of the Zimbabwean Government, a first high-level planning meeting had already been held with the participation of many organizations in the United Nations system; at the meeting use had been made of the special UNDP-financed studies to evaluate the country's needs. UNDP had already opened an office in Zimbabwe, with a resident representative whose appointment had been approved by the Government. Thanks to the far-sightedness of the Council, which had already approved an IPP, UNDP was ready to continue vigorous action to help the Government and people of Zimbabwe to move forward after their long struggle for independence.

32. UNDP was also participating in special efforts to assist the people of Kampuchea: it had resumed two projects, one for the improvement of rice culture and the other for the development of fish culture. Those activities, which were being executed by FAO, were designed to assist the population to produce for its own use the country's two traditional staple foods and thereby reduce its dependence on relief food supplies. UNDP had supplied rice seeds, fertilizer and supporting inputs to a value of $11.2 million for the first project, and fishing boats and fish-traps to a value of $1.5 million for the second. FAO was closely monitoring the purchase, delivery, distribution and use of those inputs and reporting regularly to UNDP.

33. The Council's decision regarding assistance to the Palestinian people was being implemented. At its previous session it had approved 18 project proposals which had been identified by UNDP, with the collaboration of all elements of the United Nations system, and had authorized financing for the projects from the Programme Reserve. Those proposals had been further elaborated and he himself had undertaken extensive consultations with all interested parties; in particular, he had visited the Middle East on three occasions. Agreement had been reached and UNDP was to execute 10 projects on the West Bank and in Gaza and 1 in Syria for the benefit of the Palestinian people. Consultations on the other projects were continuing and it was hoped that operations would commence within a few weeks. He particularly wished to thank all those with whom he had had consultations during the previous year for their co-operation and understanding.

34. Given the importance of all the funds and activities for which UNDP was now responsible, it was inevitable that documentation relating to them should continue to make heavy demands on staff resources and to absorb increasing amounts of the Council's time. He was of the opinion that, in order to be able to exercise more meaningful over-all supervision, the Council should limit itself to examining those items for which it needed to define real guidelines. Perhaps a number of questions which were at present dealt with in separate documents and discussed separately might in future be discussed only if members felt that policy issues appeared to
be involved. He was convinced that, by streamlining its agenda in that way, the Council would be in a better position to provide over-all guidance for the administration of the funds, programmes and activities under its control, and could thereby shorten its sessions.

35. Those many activities reflected UNDP's total commitment to the cause of development, its great diversity, its unparalleled operational capacity and its multidimensional capabilities. He emphasized, however, that the pillar on which all ancillary activities rested was the main programme of technical co-operation financed by the voluntary contributions of developed and developing countries alike. It was clear that in recent years the resources available to finance multilateral and general-purpose technical co-operation had been eroded and that recipients had found it increasingly necessary to finance such activities from World Bank loans and IDA credits. That constituted a counter-productive development for the developing countries, especially the poorest of them, since they were forced, in part at least, to receive technical co-operation through interest-bearing loans, rather than on the basis of grants which UNDP could provide if greater resources were available. The increased demands on the limited resources available for multilateral activities arising from humanitarian emergencies, from the creation of new development funds and from firm commitments already made to multilateral financing institutions, were eroding still further voluntary funding for multilateral technical co-operation. In those circumstances, there was a danger that voluntary contributions to UNDP would be disproportionately reduced at a time when its technical co-operation and investment-support efforts were in particularly heavy demand, as was clearly shown by the specific needs identified in its country programming experience. In its conclusions, the Brandt Commission had stressed the importance of truly multilateral development-assistance funding of the type specifically entrusted to UNDP, and had urged Governments to recognize anew the distinct advantages provided by that type of development financing. He fully endorsed those conclusions.

36. He was extremely concerned about UNDP's financial situation in the light of the results of the most recent Pledging Conference and the demands of the next cycle. Some countries' contributions for 1980 were in fact lower than in 1979. In the case of other countries, the amount was roughly the same as in 1979 but inflation inevitably resulted in reductions in real terms. Only a few countries, including a number of developing countries and three traditional major donors, had substantially increased their contributions for the current year. He wished to thank the Governments of those countries but was compelled to point out that the situation was generally unfavourable.

37. There were indications that voluntary contributions for 1981 would probably be substantially less than the balance of $870 million required to meet the resource target for the second cycle. Projected programme expenditure for 1981 would therefore be well in excess of projected income. That should not present a serious problem in the immediate future since unused resources available from previous years should be sufficient to sustain the Programme in 1981. However, if increases in contributions for 1981 and future years failed to reach adequate levels, the future growth of the Programme would be severely jeopardized. It was therefore his duty to warn the Council well in advance and as clearly as possible that the Programme would face serious difficulties early in the third cycle if the level of contributions did not increase substantially as from 1981.
38. Summarizing UNDP's financial outlook, he pointed out that the system of voluntary contributions was suffering from the creation of new funds and binding commitments. With regard to multi-year pledging, and attempts to find a more equitable basis for financing the Programme and to secure an increase in net contributors, progress had been far too slow. There was a concurrent trend to supply bilateral aid through a wide variety of multilateral trust funds, which was undermining genuinely multilateral and properly co-ordinated resources for technical co-operation. And technical co-operation as such continued to be neglected at a time when it was becoming increasingly necessary. He was convinced that it was incumbent upon the Council and all its members to help the Programme overcome its financial difficulties. The Council was the intergovernmental body essentially responsible for overseeing the viability, integrity and growth of the only organization in the world whose exclusive mission was to provide multilateral technical co-operation in all sectors and to all developing countries. If the Council was to perform that mission, members must regularly inform their respective executive and legislative bodies of UNDP's requirements, and policies adopted by the other intergovernmental bodies in the System must be consonant with the Council's decisions. All interested parties must be prepared to defend the Programme. In short, those who governed and those who carried out the Programme must be firmly convinced of the critical importance of technical co-operation.

39. Collaboration between UNDP and its partner agencies had substantially increased in recent years and the technical contribution of executing agencies was of capital importance in the successful execution of operational activities. UNDP and the agencies had instituted new machinery for consultation in 1979, while resident representatives and agency staff in the field continued to maintain regular contacts. The Inter-Agency Task Force at UNDP headquarters had played an exceptionally fruitful and constructive role, and he proposed that its mandate should be extended for a further period of two years so that it could continue its efforts to increase uniformity of technical co-operation activities within the United Nations system. The standards of technical co-operation were being constantly raised to meet the demands of an era of constrained resources. UNDP must now be much more demanding with regard to project design, project approval, the monitoring of implementation, and project follow-up and evaluation if the limited funds available were to be deployed in the most effective manner. The main task of UNDP was to plan, co-ordinate and administer technical co-operation programmes and projects at the request of, and in collaboration with developing countries, in the most cost-effective way and with minimum administrative costs.

40. In conclusion, he urged the Council to help UNDP seize its opportunities to serve the developing countries to the fullest possible extent in the years ahead.

The meeting rose at 12.45 p.m.