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GOVERNING COUNCIL

Twenty-seventh session

SUMMARY RECORD OF THE 676th MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 3 June 1980, at 10.30 a.m.

President: Mr. POPESCU (Romania)

CONTENTSElection of officers (continued)

Programme implementation

- (a) Annual report of the Administrator
- (b) Evaluation
- (c) Investment follow-up
- (d) Comprehensive report to the General Assembly on UNDP and the new international economic order
- (e) Assistance to national liberation movements recognized by OAU
- (f) United Nations Decade for Transport and Communications in Africa
- (g) International co-operative action in support of the Mar del Plata Plan of Action
- (h) Standardization of development co-operation procedures

Programme planning and preparation for the third programming cycle

- (a) Preparation for the third programming cycle, 1982-1986

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The meeting was called to order at 10.50 a.m.

ELECTION OF OFFICERS (agenda item 2) (continued)

1. The PRESIDENT invited the Council to elect a third Vice-President.
2. Mr. MUWAMBA (Malawi) nominated Mr. Jasabe (Sierra Leone) for the office of third Vice-President.
3. Mr. JASABE (Sierra Leone) was elected third Vice-President by acclamation.

PROGRAMME IMPLEMENTATION (agenda item 4)

- (a) ANNUAL REPORT OF THE ADMINISTRATOR (DP/423 and Add.1, DP/430, DP/439, DP/460-463)
- (b) EVALUATION (DP/437 and Corr.1, DP/448, DP/452, DP/453, DP/456)
- (c) INVESTMENT FOLLOW-UP (DP/442, DP/472, DP/479 and Corr.1)
- (d) COMPREHENSIVE REPORT TO THE GENERAL ASSEMBLY ON UNDP AND THE NEW INTERNATIONAL ECONOMIC ORDER (DP/470)
- (e) ASSISTANCE TO NATIONAL LIBERATION MOVEMENTS RECOGNIZED BY OAU (DP/467 and Corr.1)
- (f) UNITED NATIONS DECADE FOR TRANSPORT AND COMMUNICATIONS IN AFRICA (DP/459)
- (g) INTERNATIONAL CO-OPERATIVE ACTION IN SUPPORT OF THE MAR DEL PLATA PLAN OF ACTION (DP/474)
- (h) STANDARDIZATION OF DEVELOPMENT CO-OPERATION PROCEDURES (DP/468)

PROGRAMME PLANNING AND PREPARATION FOR THE THIRD PROGRAMMING CYCLE (agenda item 5):

- (a) PREPARATION FOR THE THIRD PROGRAMMING CYCLE, 1982-1986 (DP/449, DP/451, DP/496)
4. Mr. MORSE (Administrator), introducing agenda item 4, said that the annual report of the Administrator for 1979 (DP/460-463) provided a fitting introduction to the item (subitem (a)) because it presented a general survey of the work done by UNDP in the field of development in 151 developing countries and territories, and in the administration of over a dozen special funds and activities.
5. For its consideration of subitem (b), "Evaluation", the Council had several documents before it. A general report entitled "Evaluation and related measures for improving the quality of technical co-operation" (DP/448) described action in response to the decisions taken by the Council at its most recent session with a view to improving programme and project monitoring and evaluation, and developing a feed-back system in order that evaluation findings might be used to improve project design and implementation. It also contained proposals aimed at tightening quality control of the programme in preparation for the third cycle and gave figures on the financial implications of those proposals: in 1980 and 1981 they should be covered by existing appropriations. He hoped the Council would revert to that question at its 1981 session.

5. Three evaluation studies were also presented to the Council. An action-oriented assessment of rural women's participation in development was summarized in document DP/453; the complete version of that document would be circulated to the

members of the Council in the near future and would constitute UNDP's contribution to the World Conference of the United Nations Decade for Women, to be held in July 1980 in Copenhagen. It contained essential recommendations for pursuing UNDP efforts to promote the integration of women in development. The Council also had before it a summary of the FAO/UNDP evaluation study on agricultural training (DP/452) and a summary of a study on new and renewable sources of energy (DP/437), which should be read in conjunction with the Administrator's proposal for an energy fund for exploration and preinvestment surveys (DP/438).

7. As to the report on the evaluation of the global programme (DP/456), he stressed the unique and strategic role of that programme in the over-all development programme. The basic purpose of the global programme was to focus modern research on the critical problems of the developing countries and to mobilize on a world-wide scale the talent, funds and experience of both developed and developing countries in order to find new and effective solutions. It gave the developing countries access to modern scientific knowledge and opened up new paths for action at the national and regional levels. He had considered it desirable to present the report as prepared by a consultant at the request of the Council, because it contained a balanced and objective evaluation of the global programme. Although generally positive, it drew attention to a number of weaknesses, particularly the need for closer links between UNDP's global research activities and national activities so that the programme might in the future contribute more directly to the strengthening of national research capacities.

8. Endorsement of the report's conclusions did not necessarily mean that research would be undertaken in all the areas suggested. Final priorities for the next cycle would be established only after extensive consultation with Governments, agencies and scientific organizations, and with the recommended panel of advisers.

9. The global programme had served as a catalyst in mobilizing additional resources for research and development (more than \$200 million per annum), and had enabled UNDP to provide genuine leadership in building up a number of major consortia for the support of research and development on problems crucial to the developing countries.

10. For its consideration of subitem (c), "Investment follow-up", the Council had before it a report (DP/442) which described the measures taken in the past year to intensify activities in that field. In that report the Administrator proposed to extend the co-operative arrangement with FAO to other organizations, notably WHO and UNIDO, and requested the Council's approval for the provision of up to \$100,000 from savings in the administrative budget to cover the costs of already completed projects which normally would be charged directly to the approved project budget. The Council also had before it a study on the development of investments which had been prepared by a consultant and was entitled "UNDP and preinvestment" (DP/472), together with a note by the Administrator (DP/479) containing his comments on the recommendations made in that study. The Council's views were requested in particular regarding the role to be played by the Administration, through the resident representatives, in the identification of preinvestment activities during the preparation of country programmes.

11. For the preparation of its comprehensive report to the General Assembly on UNDP and the new international economic order (subitem (d)) the Council had before it a document entitled "UNDP and the new international economic order" (DP/470); that document incorporated the information contained in a brief report which had been submitted at the twenty-sixth session and then forwarded to the General Assembly, and some new material had been added. All UNDP activities were designed to promote self-reliance and thereby promoted the establishment of the new international economic order; it would therefore be pointless to mention them all, especially since the executing agencies, in their own reports to the special session of the General Assembly, would probably include information on UNDP-assisted projects.

12. With respect to subitem (e), "Assistance to national liberation movements recognized by OAU", he stressed the greatly increased level of programme delivery in 1979 and the projected full use of IPF resources for national liberation movements for the present cycle by the end of 1981. He drew the Council's attention to the assessment of additional IPF resources which would be required by national liberation movements for the third programming cycle.

13. Under subitem (f), "United Nations Decade for Transport and Communications in Africa", the Council had before it a report by the Administrator (DP/459) which described the use of additional authorized resources. It might wish to consider, in the light of progress to date, whether it should strengthen the UNDP contribution to the implementation of the objectives of the Decade and its efforts in the field of transport and communications generally.

14. As to subitem (g), his recommendations concerning international co-operative action in support of the Mar del Plata Plan of Action were submitted to the Council in document DP/474. In addition, he wished to draw attention to an intergovernmental consultative meeting on the International Drinking Water Supply and Sanitation decade, which would be held in Geneva on 16 June to discuss a number of issues of importance for UNDP participation.

15. Under subitem (h), "Standardization of development co-operation procedures", the Council had before it a report concerning consultations on more uniform or standard procedures to facilitate the administration of development co-operation (DP/468), which presented the results of consultations with government officials conducted through the field offices, consultations with executing agencies, and similar investigations carried out by the Development Assistance Committee of OECD. Since the efforts of UNDP were not isolated ones, the Administrator proposed that they should be pursued in collaboration with other agencies concerned through the Administrative Committee on Co-ordination.

16. Lastly, for the general debate on item 4, the Council had before it the report of the Intergovernmental Study Group on Future Financing of the Programme, which had met in February 1980 and had made a number of recommendations. He assumed that the conclusion of the general debate that item would be referred to the Budgetary and Finance Committee for detailed consideration.

17. Mr. ROUSSOS (Greece) said that he particularly welcomed the election of Mr. Popescu as President because of the prompt support which Romania and the neighbouring countries of Bulgaria, Turkey and Yugoslavia had given a few years previously to a Greek initiative aimed at establishing in the Balkan region, which was known for its strife and division, a process of technical and economic co-operation between countries with very different economic, political and social systems. He paid tribute to the efforts made by the Administrator and his staff in carrying out their difficult mission in the face of mounting needs and declining resources. It was the responsibility - and in the interest - of all countries to overcome that situation and to stimulate growth in the developing countries.

18. He would confine his remarks to the preparations for the third programming cycle. In document DP/496, the Administrator had rightly laid emphasis on reallocating resources in favour of the least developed and low-income countries and on reorienting UNDP activities in favour of those countries, since they were hardest hit by the current crisis. Recipient countries in the middle or at the upper end of the per capita income scale - which included Greece - should make an extra effort to bring about the reallocation of resources in the course of the third cycle. That might at the same time induce the donor countries to fulfil or even exceed the target growth-rate for voluntary contributions. Countries which were approaching or had just crossed the \$3,000 per capita threshold - which was the case with Greece - should accept the progressive limitation of their IPFs while increasing, on a voluntary basis, their cost-sharing and the size of their contributions. Receipts and outlays would thus be balanced and those countries would perhaps become net contributors before the end of the third cycle. It would serve no purpose to adopt at the outset a very firm attitude towards alternative systems of calculating IPFs, but consideration might be given to systems allowing for greater gradualism. Per capita income was in itself a satisfactory criterion, but it could conceal very significant weaknesses such as, in the case of Greece, a serious current-account deficit due to an unfavourable trade balance: exports hardly covered in value terms one third of imports, and the situation might become even worse if prices continued to rise.

19. Another factor to be reckoned with in estimating the resources available for the third cycle was inflation, which had two effects: it caused Governments to adopt a policy of economic austerity and reduced the real value of UNDP's assets. In those circumstances, one might wonder what target growth rate for contributions would be both meaningful and realistic.

20. He thanked the Administrator and his staff for their valuable help in carrying out various projects in Greece, in particular a number of regional projects to which his country attached great importance.

21. Mr. ALBORNOZ (Ecuador) said that UNDP, whose growth was a source of pride to both donor and recipient countries, was an excellent example of co-ordination among organizations in the United Nations system and an excellent medium for the transfer of technology. More than a mere programme of financial aid, it was a carefully conceived structure geared to the practical promotion of development. At present, in order to continue its activities effectively, UNDP must constantly increase its dimensions; in that regard and in the light of experience, the recommended annual growth rate of 14 per cent was reasonable.

22. Latin America, which had played an important role in the establishment of UNDP, would continue to defend the principles which characterized the Programme: universality, voluntary financing and independence of beneficiaries with regard to donors. In the past, Latin America had expressed particular support for the rationalization of the IPF system. It had also supported the services which UNDP had offered to territories to accelerate the process of independence. Latin America was the region which had the highest rate of increase of contributions in the developing world. The Latin American countries had also accepted reductions in the real value of their IPFs for the benefit of other members of the international community.

23. Since the main goal of technical co-operation was to enable countries to help themselves, in Latin America the Programme had been basically oriented towards the struggle against poverty and assistance to the sectors of the population in greatest need, not only through direct aid from international funds, but through the training of national personnel and the more efficient deployment of local resources.

24. Various social and economic indicators showed that poverty affected one third of the population of Latin America. In particular, the region held the world record for urban agglomerations, which were faced with appalling growth in unemployment. The various countries were making enormous efforts to remedy that situation in their national strategies; for example, at least 30 per cent of all national budgets were devoted to education. However, that poverty was due in large part to international injustice, resulting from the terms of trade and the monetary situation.

25. Among the programmes implemented in Latin America in co-operation with UNDP, he mentioned activities in the field of education, the creation of employment, rural development, agricultural research, urban development, etc. Research was under way on those questions in Mexico City, Buenos Aires and Quito. He cited specific examples of efforts made with UNDP assistance in various countries: in Guatemala and the Caribbean area, research was concerned with critical poverty and unemployment, as well as underemployment, which was frequently unemployment in a disguised form. In the Caribbean area, tourism and foreign deposits appeared to generate high incomes, but in fact only 16 per cent of such revenues remained in the area; in that regard, the figures provided by the World Bank did not reflect the true situation. Projects had been undertaken in the West Indies to increase agricultural productivity; they related to water resource development in Jamaica, animal health in Bermuda, water management and training in Haiti, agricultural extension schemes in the Dominican Republic, etc. Venezuela devoted 31 per cent of its IPF to the social sector and was concentrating its efforts on agricultural development. Honduras was implementing vocational training programmes for small forestry farmers. El Salvador was concerned with rural sanitation for marginal populations and the management of river basins. In Ecuador, projects included in the new national development plan were aimed at extending basic services to the entire population, in particular to marginal rural groups; in that country, one quarter of the population spoke the traditional language and lived in conditions of dire poverty. The problems of Ecuador were aggravated by communications difficulties, and in that connexion he drew attention to the interesting manner in which the problem was dealt with in document TCDC/5/Vol.II. Bolivia was endeavouring to increase production of "quinua" at high altitudes and was studying its ground-water resources. In Paraguay, work was in progress on

housing, forestry development and public health, with UNDP assistance supplemented by loans from the World Bank and the Inter-American Development Bank. Argentina was studying its water resources and rural housing development in the north-east of the country. Brazil was concerned with food industries, urban pollution, and urban and rural renewal. Peru earmarked 40 per cent of its programme resources for the agricultural sector and large-scale activities in the fields of health, housing, food and social development. Chile was combating property in the north of the country and had begun to irrigate its desert regions in order to increase agricultural production. In Colombia, several programmes were oriented towards the creation of urban and rural co-operatives.

26. Since UNDP was not only an aid programme but a programme for the promotion of development in justice, any reduction in IPFs for the third cycle would affect large sectors of the population in Latin America and would have unpredictable consequences for social development. Furthermore, UNDP's inputs in the region had a multiplier effect in all sorts of fields: allocation of counterpart funds, payment of local costs, strengthening of teaching, research and training institutions, modernization of laboratories and, within a 15 per cent limit on international funding, the purchase of equipment abroad, etc. On the whole, Latin America's counterpart contributions exceeded UNDP inputs by a ratio of more than 3 to 1; in some countries they were 10 times greater. Moreover, in 1979, Latin America had contributed, through the cost-sharing system, 8.9 per cent of its total IPFs - a percentage substantially higher than that of other regions.

27. Another aspect of Latin America's contribution to international co-operation was technical co-operation among developing countries. The countries of the region were endeavouring to implement it by taking account of the special needs of the most disadvantaged countries and, at the special meeting of the Governing Council held a few months previously, they had accepted the compromise proposed in document DP/L.334. Latin America was also helping to enhance the efficiency of UNDP through a high implementation rate (86 per cent of anticipated expenditure as against 77.3 per cent and 73.3 per cent in other regions). Nevertheless, the total allocation for the region had amounted to only \$92.3 million in 1979.

28. According to the figures contained in document DP/496, the efforts of the Latin American countries seemed to have had the effect of penalizing them. It was only natural that countries in the region which had received the same amounts during the first and second cycles should hope that those amounts would at least be maintained during the third cycle, since in absolute terms they would represent less than one quarter of the original volume of assistance. According to the Brandt report, 100 million people were living in dire poverty in Latin America, and that figure was still growing. He drew attention in that regard to the reservations expressed by the Latin American countries concerning the indicators which continued to be used. In particular, the population factor was used twice, once in its own right and again through the IPF concept, which was devised as a ratio of the population. The number of consultants a country required did not depend on the number of inhabitants but rather on the number of problems facing its development programme. If the increases proposed for the least developed countries were to be maintained, a general review of the proposed allocations must be undertaken at all levels.

29. Instead of reducing allocations, the participation of developing countries as contributors to the financing of the Programme should be increased. In that connexion, several Latin American countries should become net contributors, if possible during the third programming cycle. That was already the case with Venezuela, which had just announced an increase of 10 per cent in its net

of 14 per cent; Ecuador had reached the same figure, Guatemala had announced an increase of 218 per cent and Honduras 153 per cent. It would be desirable to strengthen the role of the countries which were becoming net contributors in order to increase the universality of UNDP and the voluntary nature of contributions, and in that way, to defend the Programme as originally conceived and revised by the 1970 Consensus. The need to maintain allocations for the third programming cycle was also stressed in paragraph 1 (f) of document DP/L.334, which he quoted. Referring to document DP/496, he expressed the hope that further efforts would be made to find compromise solutions which would ensure that the already modest IPFs were not reduced. In February, the French delegation had stressed that the third cycle should have a transitional character, and he warned against the divisions which a contrary solution might cause within UNDP. The Council, which represented 65 member States receiving 80 per cent of resources and the 85 others receiving the remaining 20 per cent, should do its utmost to avoid that danger; for its part, the Administrator should propose the necessary readjustments for the transitional cycle.

30. Latin America hoped that its contributions and solidarity would be recognized; it did not wish decisions to be taken which would be tantamount to penalizing it for its efforts. A reduction in allocations and the absurd expulsion of member countries would have repercussions on the entire international "middle class"; the Council would therefore be condemning to eventual extinction what was the best and most universal instrument for concerted action ever created by the United Nations.

31. Mr. EKBLÖM (Finland) said that today, as in 1970 when the Consensus marking the beginning of a new approach to multilateral development co-operation had been adopted, the Council was faced with issues that were crucial from the standpoint of confidence in UNDP. The most important of those issues was the question of priorities. As Mr. Morse had emphasized at the previous meeting, the Council was the intergovernmental body charged with first responsibility for the viability, integrity and growth of the only organization in the world exclusively designed for multilateral technical co-operation service in all sectors and to all developing countries. As such, it had to establish guidelines for action during the forthcoming decade.

32. There were no doubts about the ability of UNDP to make a meaningful contribution towards achieving countries' development objectives, but in order to carry out its task successfully, it needed adequate resources. However, multilateral resources were at present limited, and the demands on national budgets for development aid were such that countries had difficulty in financing programmes like UNDP on a priority basis. While it was normal for countries to contribute to humanitarian funds for use in disasters or emergencies, or to honour their commitments with regard to multilateral financing institutions, the rationale behind the creation of new development funds could, on the other hand, be questioned. For 10 years the Finnish Government had taken a very reserved attitude towards initiatives for the establishment of such funds, and that for three reasons: firstly, in its opinion, all voluntary multilateral development appropriations should be channelled through UNDP, which had always been very active in the field of technical co-operation and preinvestment activities; secondly, contrary to the desired objective of an integrated approach to development planning based on priorities and objectives established by the developing countries themselves, it was in fact the donor countries and not the recipient countries which, as a result of the proliferation of funds, now determined priorities; and thirdly, Finland had never believed that additional funds mobilized additional resources. With limited resources available, additional funds only reduced the shares available to

each beneficiary. The only way of preventing a further cut in voluntary contributions to UNDP was to put an end to the proliferation of funds.

33. Although there might be some hope of checking the fall in voluntary contributions, there was, on the other hand, little expectation that they would increase considerably, at least in the foreseeable future. It was essential therefore that priorities should be clearly established and that operations should be carried out with maximum efficiency and economy. To achieve that goal it was essential first of all that those who were charged with planning the Programme's inputs should be able to predict the resources which could be made available to them. At the first Special Meeting on Preparations for the Third Programming Cycle, Finland had stated that it still favoured a 14 per cent annual aggregate growth target for the Programme, and the Nordic countries had stressed that, in order to meet that target, there must be more equitable participation in UNDP financing. It was to be hoped that agreement would be reached on a target for the annual aggregate growth of the Programme at the current session of the Council.

34. The accuracy of forecasts with respect to the future resources of UNDP depended to a certain extent on the time-frame for which pledges were made. A system of rolling three-year pledges as proposed by the Administrator would certainly make for far more precise forecasts. Finland had considered the possibility of using a system based on negotiated criteria for burden sharing and had proposed a study of the legal preconditions for instituting a multiyear pledging system, but for various reasons that proposal had received little support.

35. On the subject of priorities, the Council should at its current session agree on the percentage of the Programme's resources to be reserved for the lowest-income countries. However, a shift in emphasis should not affect the principle of universal participation in the Programme. Some countries had already voluntarily relinquished part or all of their IPFs. Others might wish to do the same or consider becoming net contributors, for example through reimbursement arrangements, cost-sharing etc. It was to be hoped that, after considering the various possible solutions, the Council would reach a consensus on the way in which highest priority could be given to the lowest-income countries.

36. The Finnish Government had never doubted the Programme's capacity to deliver technical co-operation and preinvestment inputs. That did not imply, however, that it was unaware of shortcomings in the implementation of the 1970 Consensus. Nor did it imply that the principles set forth in the Consensus could not be improved or further developed. The world had changed in the past 10 years and the Programme must adapt to that change.

37. The Council was only one of the bodies which discussed the operational activities of the United Nations system, but it was a central one. In order to enhance the usefulness of the discussions of those activities, the Finnish Government had two years before sponsored a draft resolution which the General Assembly had adopted as resolution 33/201. A report based on that resolution would be before the next session of the Economic and Social Council and the thirty-fifth session of the General Assembly. Many of the recommendations contained in that report had direct relevance to UNDP, and the Governing Council, at one of its coming sessions, might usefully consider some of the questions covered, including, for example, the implementation of country programming throughout the United Nations system, improving co-ordination in the recipient countries, links between technical co-operation and investment, and linking the research and analytical work carried out within the system to operational activities.

38. The Administrator had already initiated such discussions by making valuable recommendations, on which the Finnish delegation would comment later. It was quite clear that a thorough discussion of those recommendations would contribute to the attainment of the objectives set by the General Assembly in resolutions 32/197 and 33/201, objectives which were of crucial importance for the future of multilateral development co-operation.
39. Mr. ABU-KOASH (Observer for the Palestine Liberation Organization) said he deeply regretted that the question of assistance to the Palestinian people had not been included in the agenda as a separate item at the current session of the Council, and formally requested that it should be included in the agenda as a separate item at the next session. He thanked the Administrator for visiting the Palestine National Fund in Damascus, where extremely constructive discussions had taken place between the representatives of UNDP and of PLO.
40. At its most recent session the Council had approved 18 projects benefiting the Palestinian people, 17 of which would be implemented on the West Bank or in the Gaza Strip. In spite of the General Assembly resolutions on the subject, particularly resolution 34/133 calling for the full implementation of decisions concerning assistance to the Palestinian people, the occupying Israeli authorities had so far authorized only 10 of those projects. PLO nevertheless hoped that all the projects approved by the Council would be implemented without further delay. Those projects in fact constituted no more than token relief for the Palestinian people, who were victims of Israel's policy of aggression. The Israeli occupation made economic development impossible on the West Bank and in the Gaza Strip. Those territories, which for Israel were merely a market for Israeli products and a source of cheap labour, could not be properly developed until the Israelis had withdrawn and the Palestinian people had recovered their rights.
41. Mr. MORSE (Administrator) said that the Council had not considered it necessary to include the question of assistance to the Palestinian people in the agenda for its current session since the projects approved at the previous session had now reached the implementation stage. However, the Council could, if it so wished, include that question in the agenda for its next session.
42. Mr. LABBAN (Kuwait) endorsed the views expressed by the observer for PLO and also requested that the question of assistance to the Palestinian people should be included as a separate agenda item at the Council's next session.
43. Miss ANSTEE (Assistant Secretary-General, Department of Technical Co-operation for Development) said that document DP/474 on international co-operation in support of the Mar del Plata Plan of Action omitted to mention the interregional seminar on rural water supply which the Department of Technical Co-operation for Development was to hold in Uppsala from 5 to 17 October 1980 in co-operation with the Government of Sweden. A number of United Nations agencies, together with specialists from developing countries and from the host country, would be participating in the seminar, which was to be considered as a contribution by the Department to the International Drinking Water Supply and Sanitation Decade.
4. She fully supported the activities undertaken in the field of evaluation and her Department was extremely happy to have been involved in some of them, particularly the studies on development planning, new and renewable sources of energy, and the participation of women in development. It was looking forward to collaborating in the future study on public administration. The results of the Department's participation in "process" evaluations for country programming had also been positive.

45. One of the most important aspects of evaluation was feedback. The Department was therefore attempting to take account of the results of such studies in the design of new projects, for example on development planning and the role of women in development. It also welcomed the recommendations of the UNDP study on new and renewable sources of energy (DP/437). Many of the measures listed also formed part of the work programme of the Department, which hoped to receive further support from UNDP. In addition to national programmes in energy planning, the Department was also responsible for executing the Central American energy programme, for which it required assistance in energy planning encompassing conventional and non-conventional energy sources and energy conservation. It was also organizing, in co-operation with the Government of Sweden, a global workshop on energy planning in the developing countries, which was to be held in 1981 and whose recommendations should comply with the proposal contained in document DP/437, paragraph 7 (b). The Department had also renewed its efforts to encourage projects of the type suggested in paragraphs 7 (c) and (n) of that document. It was currently engaged in a wind energy project in Mauritius and a project in Mongolia to demonstrate the use of new and renewable sources of energy for the improvement of pastures and animal husbandry and of living conditions in rural areas. Training of staff was also an important element in feedback and she fully endorsed the suggestion made in that connexion in document DP/448, paragraph 13 (b). To secure maximum results and optimum use of the Department's resources, she hoped that UNDP would envisage the participation of agency and Headquarters personnel, in accordance with their specific fields and mandates, in the training courses which the Department organized for project, field office and government personnel. Such participation would be doubly useful by enabling Department staff to undertake further training and to act as technical counsellors within their areas of competence.

46. Investment follow-up was a subject of great importance for the Department, given its responsibilities in the areas of natural resources, water and energy, which were essential factors in preinvestment and investment follow-up activities. The Department was happy to have been able to collaborate with Sir Robert Jackson, the UNDP consultant, and for the first time to have made a thorough analysis of its preinvestment and investment follow-up activities. The conclusions reached would enable it to take policy decisions which were currently under consideration. The Department had noted that during the period 1972-1978 there had been a marked decline in its preinvestment activities, a decline comparable to the over-all decline in such activities in the entire UNDP-funded development system. The number of investment-oriented projects had fallen from 20 in 1972 to 4 in 1978, while resources allocated by UNDP to United Nations projects of that type had decreased from \$17 million in 1972 to under \$4.5 million in 1978. Whereas the ratio of investment-oriented projects to total United Nations projects had been 1:10 in 1972, it had been only 1:57 in 1978. In 1972 investment-oriented projects had represented 5.4 per cent of total United Nations projects, while in 1978 that percentage had been only 1.8 per cent. The situation was similar with regard to project costs, which had represented only 7 per cent of total project costs in 1978 as compared with 26.6 per cent in 1972. The same trend could be observed for investment follow-up, which had also decreased considerably, even taking into consideration the time-lag in reaching the investment stage. The Department's experience therefore bore out the conclusions of the consultant's report. The situation was extremely serious and required an analysis of the underlying reasons in order to find remedies.

47. There were several reasons for the Department's decreased involvement in preinvestment. Firstly, Governments tended to prefer "package" arrangements which covered all aspects of a project, including investment. That led them to choose bilateral assistance or to favour development banks, not only for possible loans but also for preinvestment feasibility studies. Secondly, because of the capacity of the World Bank to mobilize capital, developing countries were tempted to turn to the Bank to obtain preinvestment assistance. Thirdly, the activities of the Office for Projects Execution had significantly reduced the role of the Department in preinvestment projects. Fourthly, the number of preinvestment projects provided for in country programmes had in general decreased steadily as planners seemed to fear that the risks would deter investors. Fifthly, in their desire to achieve self-reliance, Governments had tended increasingly to request technical co-operation projects related to institution building and training rather than preinvestment, and often preferred projects which showed results in the short term.

48. The Department was hardly in a position to counteract that tendency, since it lacked technical personnel in the field and was involved only to a very limited extent in country programming, a fact which prevented it from drawing the attention of Governments to their countries' possibilities of attracting investments in fields within its competence and helping them to undertake preliminary studies.

49. There were several reasons for the declining trend in investment generated from projects in which the Department was involved. Firstly, it had often been the case that a country's Ministry of Finance had not contributed sufficiently to the formulation of the projects, particularly where they entailed the mobilization of domestic financial resources. Secondly, many projects failed to reach the appraisal stage because the budget was insufficient. In such a case the project was halted at the final report stage without the economic, financial, technical, administrative and social data on which the Government could base an investment decision. Thirdly, some preinvestment studies requested by Governments were concerned with high-risk ventures which did not attract investment. Fourthly, neither UNDP nor the Department had established a procedure for systematic examination of investment possibilities offered by preinvestment projects in the course of their implementation or by country programmes as a whole. Fifthly, no system had been established for the automatic, periodic review of preinvestment projects which had already been completed in order to ascertain if they had generated investment and, where investment was insufficient or non-existent, to determine whether the Department could do anything to assist the Government to obtain the desired investment. A related difficulty was the lack of systematic information: the Department had no centralized data on preinvestment projects in which it had participated, and had difficulty in obtaining information on what happened to projects once it had ceased to be officially involved with them. That lack of information was due in part to the fact that hitherto there had been no unit within the Department specifically responsible for monitoring the follow-up on all preinvestment projects carried out by the Department, both ongoing and completed, or for collecting all relevant information. Lastly, and most important, the Department, unlike other United Nations agencies having important preinvestment responsibilities, had no formal links with the World Bank or other financing agencies.

50. Various measures were being taken to remedy the situation. The restructuring of the Department made provision for a section which would deal in particular with preinvestment and investment project follow-up. Arrangements were being made to ensure that appropriate technical advice in the Department's fields of competence

was more readily available to the resident representative at the time of country programming. Natural resources and energy assessment missions were being sent to a number of countries, at their request, and the Department was drawing up country-by-country "profiles" of potential mineral resources. Contacts had been made with the World Bank and other financing institutions in order to forge closer links. Lastly, the Department wished to conclude a co-operative arrangement with UNDP similar to that which existed between UNDP and FAO, as described in DP/422, paragraphs 4-8.

51. However, the rapid fall in UNDP-financed preinvestment activities had much deeper roots and many remedies did not lie within the Department's reach. It was the collective responsibility of the Council to decide whether that trend should be considered unavoidable or whether vigorous countermeasures should be taken. It was tempting to interpret the decline in the number of preinvestment studies as the collective will of Governments to devote a smaller part of UNDP funds for that purpose, but the concern expressed by the legislative bodies about the inadequacy of resources for preinvestment studies in the United Nations development system contradicted that explanation. Moreover, that decrease was not in the interests of the developing countries which could not draw on industry or agriculture for the resources necessary to increase export earnings, strengthen foreign-exchange reserves and meet rising energy costs.

52. Increased efforts were required in relation to natural resources, particularly in the exploration and exploitation of mineral and energy resources, including hydropower. That would take time and require considerable capital, but UNDP and the Department had already achieved impressive results in those areas and could continue to do so. Special-purpose funds provided a partial answer to the problem, provided the assistance which they gave was additional and complementary to the IPF. In that respect, the Department had always collaborated closely with the United Nations Revolving Fund for Natural Resources Exploration, particularly by providing technical support, and was prepared to continue and do the same for the proposed energy fund, if it was approved. If available resources in those two areas had a stronger base, the Department's preinvestment activities would cease to decline and it would be able to make optimum use of its experience and competence, provided, of course, that those two funds continued to rely on it for technical support. If a separate technical and executing capacity was to be set up, the Department's activities in those sectors would continue to decline.

53. The question was of key importance for the evolution of UNDP and would have critical consequences for the role which the Department was to play in the future and for its very existence. The sole concern of the Department was to give maximum service to the developing countries and to support their development efforts.

The meeting rose at 1.05 p.m.

