



GOVERNING COUNCIL

Twenty-seventh session

SUMMARY RECORD OF THE 677th MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 3 June 1980, at 3.30 p.m.

President:

Mr. POPESCU

(Romania)

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The meeting was called to order at 3.40 p.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

- (a) ANNUAL REPORT OF THE ADMINISTRATOR (DP/460, 461, 462, 463 and Corr.1, 423 and Add.1,
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- (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) (continued)

- (a) PREPARATION FOR THE THIRD PROGRAMMING CYCLE, 1982-1986 (DP/496, 449, 451 and Corr.1) (continued)

1. Mr. HELMO (Switzerland) said that at a time when the dialogue between developing and industrialized countries was making very little headway, the operational continuity of the United Nations Development Programme (UNDP) was of particular importance. UNDP's untiring activity in the field, free from general discussions on theoretical concepts, seemed a guarantee of the pursuit of co-operation between rich and poor countries. Its outstanding achievements in 1979 were evidence of its continued operational efficiency. The thorough planning of the second programming cycle and the constant efforts to increase resources had yielded results. An expenditure of some \$700 million, of which the sum of \$546 million was directly attributed to projects in developing countries, also reflected the immense needs of the third world for technical assistance. Those sums were, however, modest when distributed among all the developing countries. Switzerland therefore shared the Administrator's fears that the expansion of UNDP's activities might suddenly be halted because of the disappointing results of the last Pledging Conference.

2. It was equally important that the UNDP administration should constantly review its activities in the light of experience and that it should be open to innovations. It was encouraging that, despite UNDP's concentration on operational activities, it could also participate in elaborating new studies and concepts. The successful introduction of the "new dimensions", in particular the promotion of the principle of self-reliance, illustrated its achievements in that respect.

3. UNDP's work on technical co-operation among developing countries and the support it had given to those countries in the context of the evolution of the New International Economic Order were very promising. It would be interesting to have fuller information on the results of the projects undertaken, especially those concerned with training for trade and monetary negotiations and for negotiations with transnational corporations.

4. In view of UNDP's operational and conceptual capacity, it had been entrusted with the management of the Interim Fund for Science and Technology for Development. For some time, it had also directed global research programmes. That integration of new fields of activity in the existing UNDP machinery should be welcomed in view of the need for world-wide co-ordination of such tasks.
5. The Programme was at present in a critical phase, that of the transition from the second to the third programming cycle. The foundations for a smooth transition had already been laid. Whatever the strategy for the third Development Decade and the results of the global negotiations might be, the third world would still need capital transfers and technical assistance, and UNDP's activities would still be indispensable. Consequently, the first aim of the third programming cycle should be continuity of the programme. The Swiss Government sincerely hoped that UNDP would be able to increase its resources during the period 1982-1986 and that it would continue to provide technical assistance to all developing countries, but with increasing emphasis on the poorest among them.
6. The Swiss Government considered that a substantial and continuous expansion of the programme was necessary, not only to maintain the real level of its resources but also to respond to the enormous needs for technical assistance. Switzerland intended to participate in the common effort to achieve the target set by the Council but wished to emphasize the word "common". The group of major contributors must expand and the number of net contributors increase considerably if a regular and substantial growth in the programme's resources was to be attained. The Swiss delegation had always maintained that, in the allocation of resources, priority should be given to the poorest countries, a principle which should be given much greater emphasis in the third cycle than it had been in the second. While his delegation was prepared to accept the proposal of recipient countries that 80 per cent of the Programme's total resources should be allocated to the poorest countries, it would have preferred an even higher figure.
7. Increased emphasis on the poorest countries was perfectly compatible with the world-wide character of the Programme. His delegation did not question the fact that the more advanced among the developing countries also needed technical co-operation but the international community was entitled to expect that such countries, especially those whose GNP was close to, or higher than, that of the industrialized countries, should become net donors.
8. Mr. YU Peiwen (China) welcomed the new measures taken by UNDP to encourage the collective self-reliance of the developing countries.
9. His delegation endorsed the plan outlined in document DP/435 for strengthening the involvement of the developing countries in identifying priorities for the regional programmes for the third cycle. In May 1980, the mission dispatched by the UNDP Bureau for the Asian and Pacific Regions and the Economic and Social Commission for Asia and the Pacific (ESCAP) had held detailed consultations with the Chinese Ministry for Economic Relations with Foreign Countries on the plan for implementing regional projects in China and on China's participation in activities in other regions. It had also visited the sites of some projects included in that plan. Such an approach to regional programmes met the wishes and needs of the developing countries and strengthened their collective self-reliance.

10. It was gratifying to note from the Administrator's annual report (DP/460) that expenditure on projects directly executed by the Governments of recipient countries had been ten times greater in 1979 than in 1978. Such direct execution of projects by recipient Governments was an important feature of the provisions on new dimensions in technical co-operation, adopted by the Governing Council and the General Assembly. Admittedly, some developing countries might at present have difficulty in directly executing complex projects. UNDP should nevertheless start to take positive steps to assist and encourage more recipient Governments in that respect. To that end, policies should be revised and procedures simplified so that they became easy to apply; field offices should help to familiarize recipient Governments with the operational practices for project implementation; UNDP resident representatives should be authorized to approve projects involving direct execution within an appropriate limit of expenditure; technical assistance should be provided by specialized agencies if necessary.

11. His delegation also welcomed the increase in the number of experts and training fellowships provided by the developing countries and in the sub-contracts awarded to them. In order to make full use of the development capabilities and technical resources of developing countries, UNDP might consider recruiting more experts from those countries to provide technical services for local projects.

12. The outline of experience with country programming in document DP/454 provided a useful reference tool for the country programming exercise of the third cycle. His delegation agreed that responsibility for designing country programmes should rest with the recipient Governments but that the latter should, where necessary, seek assistance from the UNDP resident representative and relevant specialized agencies. The fact that recipient Governments had played a leading role in selecting projects and co-ordinating foreign assistance with respect to most country programmes submitted for approval at the current session showed that developing countries were capable of formulating such programmes themselves. The practice of allowing recipient Governments to adjust approved projects to specific situations and actual needs should be continued during the third cycle.

13. With regard to the standardization of development co-operation procedures (DP/468), any procedure used by UNDP or other agencies should be practical, simple and flexible. Standardization could be an objective. Experience during the past few years had shown that some working procedures of UNDP and the executing agencies did not meet the needs of present operational activities. In particular, in view of current rates of inflation, it was necessary to reduce the time-lag between the submission of project documents and the actual implementation of a project.

14. His delegation supported the provision of UNDP assistance for national liberation movements recognized by the Organization of African Unity (OAU) and urged UNDP and other relevant agencies to ensure that projects initiated during the second programming cycle were successfully completed. It also supported the proposal to increase the share of indicative planning figures (IPF) allocated to those movements in the third programming cycle.

15. In accordance with the Declaration and Programme of Action on the Establishment of a New International Economic Order adopted at the sixth special session of the General Assembly, UNDP, as the central co-ordinating organ of the United Nations system, should strictly respect the sovereignty of each recipient country, mobilize resources to the greatest extent possible, ensure that those resources were properly allocated and effectively utilized, that time schedules were respected and that projects were of high quality and sufficiently numerous. UNDP's activities should give an impetus to the efforts made by the developing countries to build up their national economy independently.

16. His country did not participate in the activities of the International Bank for Reconstruction and Development and did not provide it with any economic data. The Bank's figures for China's population and per capita GNP in 1978 which were quoted by UNDP, should be corrected to read 958.09 million and \$210 respectively. However, in view of the considerable amount of preparatory work done on the third cycle IPF allocation, the Chinese Government would not ask UNDP to recalculate its IPF for that cycle. In addition, he wished to announce on behalf of his Government that China would relinquish 10 per cent of its IPF for the third cycle after the allocation had been finalized, half to be reallocated by UNDP and half to be used to finance technical co-operation between China and other developing countries in consultation with UNDP.

17. In its current socialist modernization programme, China relied mainly on its own efforts and sought foreign assistance only as a means of supplementing those efforts. It had been active in international economic and technical co-operation, and provided economic and technical assistance to other countries within the limits of its capability. In recent years, it had also participated more actively in multilateral technical co-operation activities of UNDP and other United Nations agencies.

18. The Administrator's successful visit to China in 1979 had created favourable conditions for co-operation between that country and UNDP. The UNDP office in China, which had been opened by the Administrator during his visit, had already established close co-operation with the Ministry for Economic Relations with Foreign Countries.

19. Mr. HESSEL (France) said that the Administrator's introductory statement had contained many interesting ideas, but there was only time to comment on some of them.

20. In his delegation's view, resident representatives had an extremely important part to play in UNDP's tasks of co-ordination and management. It was therefore glad to see that a meeting of resident representatives to exchange ideas and experiences was to be held in Tunis in July 1980.

21. It was important for UNDP to maintain an internal balance between the economic, social, technical and financial aspects of development. It must, in particular, give due attention to pre-investment in crucial sectors in the developing countries. The World Bank should not be left to carry that burden alone.

22. With respect to country programming, his delegation shared the Administrator's view that a permanent dialogue was necessary between recipient Governments, specialized agencies and resident representatives so as to ensure tripartite co-operation in implementing a process of continuous programming that was capable of meeting changing development requirements in recipient countries, facilitating the planning of all available resources and identifying...

23. Where regional programmes were concerned, his delegation endorsed the Administrator's recommendation that Governments in the different regions should be able to take part in determining regional priorities, and he supported the idea of a special meeting of representatives of Governments in each of the zones covered by the regional programmes.

24. UNDP had undertaken an examination of the situation in developing countries with respect to conventional energy, non-conventional energy and energy conservation. The Administrator had set up an energy policy group responsible for policy and co-ordination in financing and executing energy-related projects. His delegation supported that step but thought that the Administrator's proposal to set up, on an interim basis, an energy fund for exploration and pre-investment surveys was premature, would duplicate existing programmes and prejudice the decisions to be taken by the Conference on New and Renewable Sources of Energy in 1981. It would be more appropriate to assign that work to the Revolving Fund for Natural Resources Exploration.

25. The most important matter before the Council at its current session was the decision to be taken on programme planning for the third programming cycle. The objectives underlying his delegation's position had not changed since the Council's meeting in February 1980, but the figures provided by the Administrator in document DP/496 had given a better idea of the techniques required for their attainment.

26. An annual rate of increase of 14 per cent in voluntary contributions was necessary for any effective expansion of the programme. Such a target was, however, ambitious and would require firm commitments by the major contributors. It could only be achieved if UNDP retained its role as the centralizing body for all United Nations technical assistance. As the Administrator had pointed out in paragraph 8 of document DP/496, UNDP's activities covered the entire spectrum of economic and social endeavour. It might, however, be asked whether the increasing volume of technical assistance being financed by specialized agencies from their own funds and the trend towards the establishment of special sectoral funds within UNDP might not make the regular programme less attractive to contributors.

27. Expenditure must be more strictly based on the principle of equity, since, in the current economic crisis, public opinion in contributor countries was adopting an increasingly critical attitude towards the utilization of the funds made available by their Governments for multilateral development assistance. The French Government was in favour of a redistribution of UNDP funds for the benefit of the poorest countries, a redistribution which should be made with due regard for the principle of universality and the need for transitional machinery. It therefore hoped that the third planning cycle would be considered as a transitional period for the calculation of national IPF's. Although his Government would like to see a higher figure for the fourth cycle, it agreed that, for the period 1982-1986, 80 per cent of country programming resources should be allocated to countries with a per capita GNP of under \$500. The adoption of that figure should not affect the ratio between IPF and per capita GNP within each group of countries. The Administrator's calculations indicated that, in the case of countries with a GNP of more than \$500, the inverse ratio between IPF and GNP could be progressive only if the current floor concept was modified. A reduction in that floor seemed to be necessary in order to release resources for redistribution to countries in the middle of the income scale. Such a reduction should also be based on the principle of equity and should not merely be proportionate to the GNP of the countries in question. His delegation preferred the solution in calculation VIII in document DP/496. A procedure of that kind should make it possible to avoid excluding certain countries from UNDP financial

28. Moreover, countries at the top of the income scale would be given time to adapt their UNDP policy to their economic situation. In that connexion, his delegation considered that, during the third cycle, countries in a position to do so should voluntarily renounce their IPP's or should become net contributors to the programme, naturally in convertible currencies. It was disquieting to note from paragraph 45 of document DP/496 that a significant portion of the contributions of the richest developing countries was being made in non-convertible currencies. The guidelines suggested in paragraph 47 of document DP/496 for a more realistically phased approach to the achievement of net contributor status were very interesting.
29. He hoped that UNDP would be able to counter public criticism by demonstrating true international solidarity at a critical juncture in international relations.
30. Mr. MEREDIEU (FAO) said that co-operation between FAO and UNDP was more essential than ever at a time when the world food situation was critical and the developing countries were increasingly relying on the outside world for their basic supplies.
31. There had been an exceptional number of demands for emergency assistance in 1979. There were at present more than six million refugees throughout the world who needed to be fed, while a succession of natural disasters had called for immediate action. The Director-General of FAO, who was responsible for approving emergency action under the World Food Programme, had approved the distribution of 170,000 tons of food to the value of \$65 million in 1979. He had also authorized the use of 150,000 tons of food to the value of \$54 million from the international emergency food reserve. During that year, the FAO emergency operations bureau had carried out projects to the value of almost \$14 million, a quarter of which had been covered by FAO's own technical co-operation programme, a quarter by UNDP and the rest by voluntary contributions. The modest sums devoted to those projects had served to mobilize much larger resources. For example, the locust control programme in Africa, for which an allocation of \$1.8 million had been made, from the Technical Co-operation Programme, had led to the development of a total programme to the value of \$8.8 million.
32. In that connexion, the Director-General of FAO attached particular importance to the international emergency food reserve, set up at the seventh special session of the General Assembly. Unfortunately, the annual target of 500,000 tons had never been reached; in 1979 only 300,000 tons had been available, over half of which had been distributed on a bilateral basis. To remedy that situation, the Director-General of FAO had recently suggested that the reserve should be made the subject of a convention which would formally commit the countries signing it.
33. In order to increase the food security of the developing countries, the Director-General had in 1978 launched a five-point plan inviting all countries to set up national and regional food reserves and suggesting solutions for the financing, management and co-ordinated use of such stocks. An important study was being carried out in the Sahel as part of that programme.
34. While emergency aid was unquestionably essential, the only long-term solution was to enable the developing countries themselves to produce the food they needed. Although spectacular progress had been made, those countries were still importing 800 million tons of cereals a year at a cost of some \$50 billion. Both financially and politically, that situation was quite intolerable. But the third world's dependence in the matter of food could be greatly reduced if official development aid for agriculture, which was at present in the region of \$4.5 billion per year - could be gradually quadrupled. That figure might seem high but was very small in

technical solutions to agricultural problems were well known; what was needed was the ability to implement them. For that purpose, a wide-ranging campaign to make those solutions known and a great increase in resources were required.

35. The World Conference on Agrarian Reform and Rural Development, held in Rome in July 1979, had proposed a number of solutions which, with limited technical assistance, many countries could implement either by themselves or in co-operation with other developing countries. In that connexion, the Administrator's circular letter of 5 November 1979, addressed to all representatives and expressing UNDP's intention to support the efforts of Governments to strengthen rural development, had been of particular value.

36. Together with food security, the basic problem of resources represented the main concern of the Director-General. In recent years FAO had launched a number of special action programmes which, when fully implemented, would make a major contribution to solving the world's agricultural problems. Such were the programmes for the prevention of post-harvest losses, the control of animal trypanosomiasis in Africa and improved exploitation of exclusive fishing zones recognized under the new law of the sea. While all such programmes had been approved by the Council and Conference of FAO and supported by the General Assembly, the modest financial targets originally fixed had never been fully met. UNDP had, however, provided support to the amount of \$6 million a year for the exclusive fishing zones programme, a sum which FAO hoped would be increased during the third cycle. Much greater resources were, however, required, and his organization was accordingly maintaining increasingly close contact with a number of bilateral and multilateral programmes.

37. Thus, the value of activities financed by trust funds had amounted to \$76 million in 1979. The countries of northern Europe had been among the most generous but support had not come solely from developed countries; FAO's technical co-operation programme in the Near East had received pledges totalling over \$30 million from the countries in that region.

38. UNDP projects executed by FAO had amounted to \$132 million in 1979 and represented almost two-thirds of the organization's technical assistance activities. The impact of inflation had however reduced the real value of that sum to less than the \$120 million covered by the 1975 joint programme. That had been one reason for the adoption by the Conference of its resolution 6/79 on development assistance for food production and rural development. The full text of the resolution had been reproduced in document DP/489.

39. In conformity with the resolution regarding new dimensions in technical co-operation, FAO was relying increasingly on national expertise, with the result that 80 projects, including some of the most important, currently had national directors. Technical co-operation among developing countries had made substantial progress and 35 per cent of FAO's experts currently came from such countries, while 40 per cent of the recipients of FAO fellowships had been placed with institutions of the third world. Less use was being made of engineering consulting firms; the percentage of the programme executed by such firms had fallen from 9 per cent in 1973 to less than 5 per cent in 1979. One reason had been financial; in 1979 the average monthly cost of an expert recruited directly by FAO had been \$4,850, compared with figures between 50 per cent and 100 per cent higher under contracts with internationally recognized companies. Consultant firms had also paid less attention

to training national specialists. Nevertheless, the value of contracts awarded to institutions in developing countries had amounted to almost \$70 million during the previous 30 months.

40. The fact that 131 of the 770 projects approved under FAO's Technical Co-operation Programme between October 1976 and April 1980 had been directly connected with UNDP projects illustrated the catalytic effect of that Programme.

41. FAO was fully satisfied with the results achieved by its investment centre which operated under agreements with the International Bank for Reconstruction and Development and other financial institutions. Such multiple-source financing should be continued.

42. There was a complete identity of views between FAO and UNDP, in particular on the urgent need to attack the problem of hunger which was the most serious problem of development. The need to give high priority to agricultural development had been rightly stressed in paragraph 8 of document DP/496. He therefore urged member States to provide UNDP with the means required for common action to that end.

The meeting rose at 5 p.m.

