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GOVERNING COUNCIL

Twenty-seventh session

SUMMARY RECORD OF THE 705th MEETING

held at the Palais des Nations, Geneva,
on Thursday, 26 June 1980, at 3.30 p.m.

<u>President:</u>	Mrs. VERVALCKE	(Belgium)
<u>later:</u>	Mr. POPESCU	(Romania)

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Programme planning and preparation for the third programming cycle (continued)

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

The meeting was called to order at 4.10 p.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(a) ANNUAL REPORT OF THE ADMINISTRATOR (continued)

Draft decision: Assistance for the rehabilitation and reconstruction of Uganda (DP/GC/XXVII/CRP.23)

1. The draft decision was adopted.

Draft decision: Implementation by the United Nations Development Programme of General Assembly resolutions concerning assistance to Botswana, Cape Verde, Chad, the Comoros, Djibouti, Equatorial Guinea, Guinea-Bissau, Lesotho, Mozambique, Sao Tome and Principe, Seychelles, Tonga, Uganda and Zambia (DP/GC/XXVII/CRP.24)

2. Mr. BOURGOIS (Secretary of the Governing Council) drew attention to a correction to paragraph 4, where the words "the same benefits "as if" it were a least developed country, i.e.:" should be replaced by the words "pursuant to General Assembly resolution 34/132".

3. The draft decision, as amended, was adopted.

Draft decision (DP/GC/XXVII/CRP.24/Add.1)

4. Mr. BOURGOIS (Secretary of the Governing Council) pointed out that the draft decision consisted of two parts, part I on assistance to Djibouti and part II on assistance to St. Vincent.

5. Parts I and II of the draft decision were adopted.

Draft decision: Reports of the Joint Inspection Unit (DP/GC/XXVII/CRP.25)

6. The draft decision was adopted.

(b) EVALUATION (continued)

Draft decision (DP/GC/XXVII/CRP.19)

7. Mr. BOURGOIS (Secretary of the Governing Council) pointed out that the draft decision consisted of three parts. Paragraph 5 of part I (Measures to improve the quality of technical co-operation) indicated that a text on the financial implications of the decision was to be added on the basis of the recommendation of the Budgetary and Financial Committee. That text was to be found in document DP/GC/XXVII/BFC/CRP.14.

8. Part I of the draft decision, as completed, was adopted.

9. Mr. BOURGOIS (Secretary of the Council) said that there were no changes to parts II (Women in development) and III (Global programme) of the draft decision.

10. Parts II and III of the draft decision were adopted.

- (c) INVESTMENT FOLLOW-UP (continued)
- (e) ASSISTANCE TO NATIONAL LIBERATION MOVEMENTS RECOGNIZED BY OAU (continued)
- (g) INTERNATIONAL CO-OPERATIVE ACTION IN SUPPORT OF THE MAR DEL PLATA PLAN OF ACTION (continued)
- (h) STANDARDIZATION OF DEVELOPMENT CO-OPERATION PROCEDURES (continued)

Draft decision (DP/GC/XXVII/CRP.18)

11. Mr. BOURGOIS (Secretary of the Governing Council) pointed out that the draft decision consisted of four parts. In the first part (Pre-Investment) paragraph 5 indicated that a text on financial implications was to be added on the basis of the recommendations of the Budgetary and Finance Committee. Those recommendations were to be found in document DP/L.336/Add.1, paragraph 5.
12. In reply to a question by Mr. DENIS (France), Mr. BOURGOIS (Secretary of the Governing Council) explained that the figure of \$100,000 in the first line of the paragraph of the recommendation by the Budget and Finance Committee referred to the activities mentioned in paragraph 3 of the draft decision, and the figure of \$150,000 in the third paragraph to the activities mentioned in paragraph 4 of the draft decision.
13. The first part of the draft decision, as completed, was adopted.
14. Mr. BOURGOIS (Secretary of the Governing Council) drew attention to the second part of the draft decision on assistance to national liberation movements recognized by OAU.
15. Mr. KAUFMAN (United States of America) said that his delegation wished to express formal reservations regarding the programmes of assistance to national liberation movements recognized by the Organization of African Unity (OAU).
16. His delegation wholeheartedly supported appropriate humanitarian and development assistance to peoples seeking a significant improvement in their quality of life, whose legitimate aspirations could not be realized without the active support of those more favoured than they. Bearing in mind that those people were not joined together under established, recognized governments, the assistance approved by the Council and the indicative planning figures (IPFs) which sustained it must be implemented in such a way as to minimize, if not eliminate, support to the political entities which professed to represent the peoples involved. Despite various General Assembly resolutions to the contrary, his delegation did not consider that it was for the Council or for UNDP to endorse, aid or lend legitimacy to political groups which had not yet tested their popular acceptance at the polls. Recent developments had shown that not all movements necessarily had the support of the peoples they claimed to represent.
17. His delegation therefore continued to urge the Administrator to devise policies and procedures which would ensure that the assistance programmes directly and wholly benefited the peoples for whom they were intended and would avoid treating liberation movements as if they were legitimate governments. His delegation was prepared to work with the Administrator and with other delegations in resolving those concerns.

18. The United States commitment to the fundamental humanitarian and developmental purposes for which UNDP had been established remained unquestioned. Because of that commitment it had felt obliged to express its dissatisfaction with current administrative practices which directly involved the national liberation movements in the provision of assistance to refugees.

19. It must be borne in mind that national liberation movements were political action organizations rather than actual governments. As such, they did not possess the full complement of staffing and the responsibilities of a government that were required for establishing their own economic priorities on a comprehensive basis. The significant political sensitivities involved in conducting such assistance efforts placed a special responsibility on the Administrator for becoming personally concerned in the planning and implementation of projects for assistance on behalf of colonial countries and peoples involving the national liberation movements.

20. For those reasons, his delegation wished to propose the following additional paragraph to the draft decision:

"Decides that all UNDP assistance on behalf of colonial countries and peoples involving national liberation movements shall be directly authorized by the Administrator".

21. Calling for the Administrator's direct involvement would properly reflect the special interest of the Governing Council in those activities.

22. Mr. ALLISON (Observer for Nigeria) expressed consternation at the statement by the representative of the United States. The OAU's decisions on the national liberation movements were taken by 49 independent African States; countries which had no connexion with the causes for the defence of which those movements had been established, and which moreover consistently thwarted the activities of those movements and the continuing aspirations of the people in the territories concerned, should not be allowed to use organs such as UNDP to make such statements.

23. Mr. OFUNNU (Uganda) pointed out that the wording used in the draft decision was the standard formula recognized by the General Assembly, and one which had been repeatedly used in the United Nations system. Any problems with liberation movements had always concerned movements not recognized by OAU and it was the first time that objections had been raised to movements recognized by that organization. He found it difficult to understand the purpose of the suggestion by the United States representative, which was totally unacceptable.

24. Mr. BLAIN (Gambia) endorsed the views expressed by the two preceding speakers. He considered it unconstitutional for the representative of the United States to attempt to introduce an amendment contrary to the decisions and resolutions of the General Assembly. It was for OAU to decide which liberation movements in Africa should be recognized. The amendment was therefore totally unacceptable.

25. Mr. NIYIBIZI (Rwanda) expressed astonishment at the statement by the United States representative. The decision adopted by OAU had been taken responsibly by States representing the greater part of the African continent, which knew from experience the need for national liberation movements.

26. Mr. SY (Senegal) said that his delegation had been ready to adopt the text as originally submitted. The United States amendment would confer on the Administrator a responsibility which he should not assume; it was therefore unacceptable.
27. Mr. BA-ISSA (Democratic Yemen) endorsed the views expressed by the representatives of the African States. He, however, was not surprised at the proposal made by the representative of a country which denied the representative status of the national liberation movements and professed to represent the peoples of those countries when it seemed politic. The amendment was totally unacceptable to his delegation.
28. Mr. GADEL HAK (Egypt) supported by Mr. AL-IBRAHIM (Kuwait), pointed out that, since the purpose of the draft decision was to implement General Assembly resolutions, any amendment proposed should be consistent with them. Since that was not so in the case of the United States amendment, his delegation appealed to the representative of that country not to press for its consideration.
29. Mr. SIVILA DE LA TORRE (Cuba) said that his delegation was unable to accept any amendment contradicting decisions by OAU, which was held in international esteem. The revolutionary Government of Cuba urged the Council to reject the United States amendment, which was yet another expression of the views of a small minority in the Governing Council which had repeatedly endeavoured to impose limitations on the national liberation movements in Africa.
30. Ms. PHAN Thi Minh (Observer for Viet Nam) endorsed the hopes of other speakers that the decision, which was one of the clearest of those before the Council, would be maintained unchanged.
31. Mr. FILIMONOV (Union of Soviet Socialist Republics) said that the United States amendment was unacceptable since it was contrary to numerous General Assembly resolutions on the subject.
32. Mrs. HOUNGAVOU (Observer for Benin) agreed that the amendment was contrary to many United Nations decisions. It was in fact an insult to the political maturity of the countries belonging to OAU.
33. Mr. BARROS (Observer for Sao Tome and Principe) endorsed the concern voiced by previous speakers concerning the United States amendment.
34. Mr. WAFULA (Kenya) said that his delegation associated itself fully with the views expressed by the preceding speakers and requested the United States delegation to withdraw its amendment.
35. Mrs. AUGUSTE (Trinidad and Tobago) associated her delegation with the opinions expressed by the members of the African group.
36. Mr. NKOBI (Observer for the Pan Africanist Congress of Azania (South Africa)), on behalf of the liberation movements recognized by OAU and the United Nations, appealed to the representative of the United States to withdraw his amendment. Indeed, he would have expected the United States to support increased assistance to liberation movements, in view of the fact that it was proposing to extend assistance to groups in Afghanistan.

37. Mr. KAUFMAN (United States of America) said that the point his delegation had wished to emphasize was that of appropriate assistance. The United States amendment did not suggest that assistance to national liberation movements should be eliminated but merely urged the Administrator to devise policies and procedures to ensure that assistance programmes benefited the people for whom they were intended.

38. In view, however, of the apparent unanimity of views in the Council, his delegation would withdraw its amendment.

39. The draft decisions on assistance to national liberation movements recognized by OAU, international co-operative action in support of the Mar del Plata Plan of Action, and co-operation procedures were adopted.

OTHER FUNDS AND PROGRAMMES (agenda item 7) (continued)

(c) UNITED NATIONS CAPITAL DEVELOPMENT FUND

Draft decision (DP/GC/XXVII/CRP.26)

40. Mr. BOURGOIS (Secretary of the Governing Council) said that paragraphs 4, 5 and 6 of the draft decision were based on recommendations by the Budgetary and Finance Committee.

41. Mr. FRANZI (Italy) requested that the symbol of the Administrator's report should be included in paragraph 1 of the draft decision.

42. It was so agreed.

43. Mr. RAMONDI (Netherlands) proposed the following new paragraph 6: "Requests the Administrator and the Executive Secretary to continue their efforts with respect to raising funds for UNCDF." The present paragraph 6 would then become paragraph 7.

44. The draft decision, as amended, was adopted.

(d) UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Draft decision (DP/GC/XXVII/CRP.17/Rev.1)

45. Mr. BOURGOIS (Secretary of the Governing Council) said that the budgetary implications of the draft decision had been examined by the Budgetary and Finance Committee, which recommended its adoption by the Council.

46. Mr. GAGLIARDI (Brazil) said that his delegation would have preferred the words "always with the agreement of the recipient country" in paragraph 7 of the draft decision to read "always at the request of the recipient country". He would not press for a formal amendment but would like the principle that countries were free to accept or not to accept co-financing for natural resources exploration and development to be borne in mind.

47. Mr. AL-IBRAHIM (Kuwait) regretted that his delegation had been unable to take part in drafting the decision. He would not object to its adoption but his Government's views would be made known later on.

48. The draft decision was adopted.

(e) UNITED NATIONS SPECIAL FUND FOR LAND-LOCKED DEVELOPING COUNTRIES

Draft decision (DP/458, paragraph 21)

49. The draft decision was adopted.

(j) FUND FOR ASSISTING IN THE EXPLORATION AND DEVELOPMENT OF ENERGY RESOURCES
(continued)

Draft decision (DP/GC/XXVII/CRP.22)

50. Mr. FILIMONOV (Union of Soviet Socialist Republics) said that in principle his delegation did not object to the draft decision but would like the words "particularly the World Bank and the OPEC International Development Agency" in the third preambular paragraph and the words "in close collaboration with the World Bank and the United Nations Department of Technical Co-operation for Development (UNDTCD)" in the fourth preambular paragraph to be deleted. That would widen the scope of the decision to cover more international financing institutions.

51. Mr. AL-IBRAHIM (Kuwait) said that his delegation had taken an active part in drafting the decision and had found it difficult to accept the wording as a whole. It had done so in order to make a consensus possible but would have to withdraw its support if the USSR amendments were adopted. The World Bank and the OPEC International Development Agency were in any case already collaborating with UNDP for specialist projects.

52. Mr. KUNIGI (Japan) said that his delegation was pleased that, as a result of informal consultations by a number of delegations, agreement had been reached on interim arrangements for energy exploration and pre-investment surveys.

53. The question whether a new separate energy fund should be established still needed thorough consideration by the Governing Council, taking into account inter alia the forthcoming review of the Revolving Fund for Natural Resources Exploration, the activities of the Interim Fund for Science and Technology for Development and the outcome of the Nairobi Conference on New and Renewable Sources of Energy. Nevertheless, in order to provide assistance to developing countries, in particular the poorest among them to meet their urgent energy requirements, his delegation could support the initiation of interim arrangements so that some complementary interim activities could be started.

54. His delegation was not in favour of the recent trend towards the proliferation of funds. It could therefore endorse the arrangements specified in operative paragraphs 1, 2 and 3 of the draft decision on the understanding that those arrangements constituted only an accounting vehicle to enable the complementary activities to be carried out and were in no way tantamount to the establishment of a new fund or a separate account.

55. His delegation endorsed the draft decision with the incorporation of the addition to paragraph 4 suggested in the foot-note and hoped that it would be approved by the Council without any further change.

56. Ms. SCHELTEMA (Netherlands) agreed to the inclusion of the words in the foot-note to paragraph 4 and said that her delegation was pleased with the text as it stood.
57. Mr. KAUFMAN (United States of America) associated his delegation with the remarks made by the Kuwaiti, Japanese and Netherlands representatives. The draft decision had been carefully worked out and he supported the text as it stood, with the addition of the words in the foot-note.
58. The PRESIDENT asked the Soviet representative whether, in view of the comments made, he wished to press his amendment.
59. Mr. FILIMONOV (Union of Soviet Socialist Republics) said that he would not press his delegation's amendment but wished its comments to be recorded.
60. Mr. BA-ISSA (Democratic Yemen) said that his delegation was interested in the interim arrangements proposed in the draft decision and looked forward to consultations with the Administrator, as provided in operative paragraph 4.
61. The draft decision, including the addition in the foot-note to operative paragraph 4, was adopted.

MATTERS ARISING OUT OF ACTION TAKEN BY OTHER ORGANS OF THE UNITED NATIONS SYSTEM
(agenda item 9) (continued)

- (a) ACTION TAKEN IN 1979 BY ORGANS OF THE UNITED NATIONS AND ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

Draft decision (DP/GC/XXVII/CRP.31)

62. The draft decision was adopted.

- (c) IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTIONS 32/197 and 34/213 ON THE RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM

Draft decision (DP/GC/XXVII/CRP.30)

63. The draft decision was adopted.

The meeting was suspended at 5.35 p.m. and resumed at 6.25 p.m.

64. Mr. POPESCU (Romania) took the Chair.

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

- (a) PREPARATION FOR THE THIRD PROGRAMMING CYCLE, 1982-1986 (DP/GC/XXVII/CRP.20)

65. The PRESIDENT drew the Governing Council's attention to the draft decision adopted by the Working Group on Indicative Planning Figures (DP/GC/XXVII/CRP.20) and to a supplementary document containing revised texts of subparagraphs 16 (b) and (c) and new paragraphs 18 and 19, on which the Working Group had reached agreement.

66. Mr. BROWN (Deputy Administrator, United Nations Development Programme) said that, following further discussion, it had been agreed that the supplementary document should be amended by placing the whole of subparagraphs 16(b) and 16(c) in square brackets. In paragraph 18 the words "of the portions" should be eliminated.

67. A draft text of item 5 of the agenda for the twenty-eighth session had also been circulated as a separate paper. It was a part of the understanding which had been reached that the change in the format of item 5 would be discussed at the same time as subparagraphs 16(b) and (c), and paragraphs 18 and 19.

68. Mr. VUNIBOBO (Fiji) said that the discussion on IPFs for the third programming cycle clearly remained the central theme of the twenty-seventh session. The February 1980 session had represented a watershed. The indications received at that time from the major donors that they would want resources to be distributed on the basis of the largest share going to the poorest had set the tone for that session, and indeed for the current session. Once the desire of the major donors had been accepted as inevitable, it had become evident that some countries, especially the middle-income ones, would lose their allocations or have them reduced. Thanks to intensive consultations, the recipient countries had been able to narrow the gaps separating their individual and regional sections and to reach agreement on other issues of common interest.

69. The current session had started on a high note of optimism and only when the Working Group had started had it become evident that wide differences of view remained unresolved. Fortunately prudence, a readiness to compromise and boldness had made it possible to reach a consensus at a time when the outlook had seemed gloomy.

70. The outstanding issue which remained unresolved pertained to the use of convertible currency. The matter had been outstanding for some time - a situation which was, to say the least, undesirable and unsatisfactory. The question of sovereignty had been introduced although he himself had never looked at the question in that light. The issue was quite simple. If small, poor developing countries could make their contributions in convertible currency, it was not because they were less sensitive to their position as sovereign States but because they were anxious to make their modest contributions in a manner and in a form to enable the work of the Programme to move forward easily by having resources in a readily available and usable form. It was distressing to see a huge amount of help not utilized simply because it was in a form which precluded the possibility of ready use.

71. The outcome of the negotiations on document DP/GC/XXVII/CRP.20 had been that the parties had agreed that subparagraphs 16(b) and (c) would be bracketed and would remain inoperative because they were not acceptable to all delegations. New paragraphs 18 and 19 would be added. The net result would be that document DP/GC/XXVII/CRP.20 would be operative as thus amended and the Administrator would therefore be in a position to implement it in that form.

72. During the discussion on IPFs as such, he had been impressed by the magnanimity and readiness of everyone to find accommodation. It was useful to remember that, in a member State with a Parliamentary form of Government,

ultimate power rested, not with the Government of the day, but with Parliament. While an official might not necessarily subscribe to a particular public policy, once a policy had been formulated there was no choice but to implement it. The issue could be an important stumbling block even in the Council, where the perspective in which the governmental decision-making process was viewed varied widely in concept and in practical terms.

73. He had been particularly impressed by the high degree of understanding shown by the Latin American Group, which had participated in the February meeting and at the current session with vigour, careful preparation and a clear articulation of its position. He welcomed its generosity and readiness to give way so as to enable a consensus to be reached and to preserve the universal and voluntary character of the project programme.

74. Tribute was due to the major donors for their continued support of the Programme and it was to be hoped that certain fears which had been expressed would prove unfounded. Both the African and Asian Groups had been conspicuous by their support, sympathy and understanding of the fears of those who had been adversely affected by the new allocation policy. Tribute was also due to the Administrator and his staff.

75. He commended the decision in document DP/GC/XXVII/CRP.20, as amended, for formal adoption by the Council.

76. Mr. KAUFMAN (United States of America) said that the twenty-seventh session of the Governing Council marked a turning-point in the history of UNDP. Clearly a period of important changes lay ahead. His delegation hoped that the results of the session would set UNDP on a sure path for the third cycle.

77. The Council's discussions had perhaps at times focused too greatly on the present and past roles of traditional donors. It was important to note that new financial support was coming from more countries and that there was an increasing number of net contributors among the developing countries, including, for example, Venezuela. In reporting to the twenty-eighth session the Administrator might wish to draw attention to that interesting development, perhaps by providing special notice in the statistical tables. His delegation applauded the action of other Latin American nations and of countries from other regions which had already made or were seriously considering making regular voluntary contributions to the Programme.

78. His delegation was pleased that UNDP assistance would be mainly directed to those most in need. The objective of 80 per cent of country IPFs for recipients with a GNP of under \$500 had been maintained in spirit, if not in the absolute numbers. As the representative of Ecuador had suggested, the Council might find it helpful, in preparing for the twenty-eighth session, to be provided with a calculation of the actual ratio of the resources, using both the traditional method and one in which the net contributors were not included among the recipients. That figure would presumably show whether the desired objective had been attained.

79. Recipients with a per capita GNP exceeding \$2,000 would have a new stake in providing resources to the Programme, as well as in ensuring an effectively delivered technical assistance effort at the country level. Nevertheless his

delegation was disappointed that the decision on the third cycle would not include an effective target for countries with a per capita GNP exceeding \$1,500 but less than \$2,000; it would have supported any effort to that effect. Mention of the 50 per cent of the annualized IPF target in the report of the Council was definitely appropriate and he was sure that the Administrator would take that provision seriously.

80. The Council had recognized that IPFs should be based on objective criteria reflecting the current economic needs of recipients. For the third cycle they would be strengthened by the addition of supplementary payments.

81. The Council was almost unique in the United Nations system in its ability to resolve major issues through consensus. It did not remain uninfluenced by development issues discussed in other fora. Similarly, the extraordinary results achieved by UNDP would exert a beneficial influence during the forthcoming review of United Nations operational activities, in the global negotiations, and on the special session on development.

82. There remained, however, several areas for concern. Firstly, his delegation had already reaffirmed the importance of the IPF system to the United States support for the Programme and he hoped that there would be no further attempts to circumvent the generally agreed principles on which the IPF system rested.

83. Secondly, IPFs could not be the basis for determining the resources which members would provide to the Programme. In a voluntary programme, the procedure must be the other way round, with each nation determining its own contribution according to its capacity and other multilateral and bilateral commitments. It was incumbent upon UNDP to determine IPFs on the basis of realistic estimates of what Governments could be expected to contribute and for UNDP programmes to be tailored to match those resources. In that regard, his delegation took special note of the provisions in paragraph 7 of the draft decision.

84. Thirdly, with specific reference to the uncompleted paragraphs in the draft decision, his delegation was extremely disappointed that an important issue which had plagued the Council for many years remained unsettled. With regard to paragraph 16, his delegation continued to view its resolution in a manner acceptable to the overwhelming majority of nations present as of fundamental importance to the financial integrity of UNDP. Almost all recipients contributed in scarce and hard-earned convertible currencies to the core financial resources of the Programme. All donors should do likewise. The Council's failure to make progress on the convertible currency issue could have an adverse result on donors' commitments to the Programme. Progress would be of material importance to the recipients, too, and his delegation was encouraged that at the present session they had spoken up strongly on their own behalf. His delegation hoped that that issue would be resolved at the twenty-eighth session of the Governing Council. Its acceptance of the draft decision was based on the understanding that the issue would be addressed at that session.

85. Mr. BLAIN (Gambia) paid a tribute to the representatives of Ecuador and Fiji for their able guidance during the deliberations of the Working Group in its efforts to achieve a workable compromise between the major Western donors and the countries whose voluntary contributions were largely made in non-convertible currencies. A number of delegations had expressed concern that the voluntary contributions of certain countries were not made in a form that made them readily usable by the Programme for project implementation in developing countries. Developing countries had covetous eyes on those non-convertible resources. It now seemed that, after extensive consultations, the two sides had agreed to disagree.

86. His delegation nevertheless hoped that, following the adoption by the Council of the draft decision on IPFs for the third cycle, and notwithstanding the disagreement over subparagraph 16(b) and (c), the rest of the package would be regarded as having been adopted by the Council and would be implemented accordingly. Moreover it was to be hoped that, before the twenty-eighth session of the Governing Council, the countries concerned would have seen their way clear to making their voluntary contributions in convertible currency.

87. He appealed to the major donors to make a concerted effort to ensure the attainment of the 14 per cent annual growth rate target in voluntary contributions, for the implementation of the most important operative paragraphs of the draft decision hinged on that expectation. In that connexion it was reassuring to note that France had decided to increase its voluntary contribution by 50 per cent. He trusted that other countries in the same category would follow suit.

88. Mr. MUWAMBA (Malawi) expressed the hope that other donors would follow the example set by Canada and France and that all loans to the developing countries would eventually be converted into grants.

89. During the current session, there had been a moment when the future of UNDP had seemed to be in doubt as a consequence, on the one hand, of an apparent desire on the part of the Western donors to reduce the volume of their contributions and, on the other, of the insistence of the socialist countries on making their voluntary contributions in non-convertible currencies. It was therefore most encouraging that, notwithstanding the differences revealed in subparagraphs 16(b) and (c), a package had been put together which the Administrator would be able to implement for the benefit of the developing countries.

90. His delegation would do its utmost to facilitate the work of the Governing Council at its twenty-eighth session, in particular for the solution of the problem of currency non-convertibility.

91. Mr. KELLIAND (Denmark) said that his delegation associated itself with the speakers who had expressed some satisfaction at the result achieved. He regretted that it had not been possible to complete work on subparagraphs 16(b) and (c). Many delegations had given way on a number of points and it was a matter for regret that it had not been possible to reach agreement on the non-convertible issue also. The Nordic text had already represented a compromise. He welcomed the efforts of the delegations which had contributed to the agreement reached on paragraph 6(e) (iii) of the draft decision; his delegation had not been completely satisfied but had been prepared to go halfway so that a consensus could be achieved.

92. His Government viewed UNDP as a unique development assistance effort with a multilateral charter. The Programme had adapted itself to changes in thinking and in development economics and should continue to do so; the development partnership was now different from what it had been during the 1950s, the 1960s or the 1970s. The focus, however, must always remain on the developing countries.

93. It was a matter for regret that tied aid should continue to be regarded as necessary by some donor countries. The members of the Development Assistance Committee of OECD had concluded that multilateral aid should be untied. The use of non-convertible currency represented an example of the tying of aid. UNCTAD had found that tied aid was significantly less useful to recipients than was untied aid. Nor was it expedient that a large percentage of non-convertible currency aid should go to scholarships, courses and seminars. Such activities were expensive in relation to their development impact and the cost-benefit ratio was therefore unfavourable. The same considerations applied to equipment procurement. Equipment must be standardized and capable of being easily maintained. Otherwise the value of the aid was reduced significantly.

94. He associated himself with the representative of the United States and emphasized his Government's understanding that the acceptance of the proposed item 5 for the agenda of the twenty-eighth session implied that the issue of non-convertible currency would be dealt with at that session. He wished that understanding to be reflected in the summary record of the meeting.

95. Mr. PREUSS (Federal Republic of Germany) expressed relief and satisfaction at the achievement of a consensus. He had hoped that the question of non-convertible currencies would have been settled by the Governing Council; it was a matter which was of great concern to his Government. He therefore accepted the consensus on the understanding that the matter of currency convertibility would be on the agenda of the next session of the Governing Council, when he hoped that a satisfactory solution could be achieved in the interests of the developing countries.

96. Mr. LAWLESS (United Kingdom) said that his delegation had always regarded the principle of consensus as an integral and unique part of the Governing Council's decision-making process. Consensus involved concessions however, and indeed the last two weeks had seen concessions from a number of delegations of donor and developing countries alike. It was therefore regrettable that one delegation in particular had felt unable to accept the consensus on a part of the text of the draft decision designed specifically to benefit the developing countries. His delegation could join the consensus on the draft decision and its addendum, on the clear understanding that the issues currently bracketed in paragraphs 16(b) and (c) would be discussed and resolved at the twenty-eighth session. His reason for that stipulation was his belief that the resources of UNDP must be in a form giving maximum benefit to developing country recipients.

97. Mr. RAMONDT (Netherlands) expressed satisfaction that consensus had been achieved except on one issue which he considered an integral part of the decision. He fully supported the points on which consensus had been achieved; on some he would have liked a different formulation, but consensus was never entirely satisfactory to all. He appreciated the action of the Latin American countries which had made such great efforts to achieve the compromise now before the Council, as also the willingness of the representatives of recipient countries to compromise on reimbursement rates. He regretted that there had been no consensus on convertibility; he hoped that it would be possible at the twenty-eighth session and that the Administrator and his staff would continue their consultations to that end in order to prepare a decision for that session.

98. Miss COURSON (France) said that her delegation concurred with the decision on IPFs for the third programming cycle which would respect the voluntary and universal principle and demonstrate the solidarity which the Programme needed in order to achieve its aims. She paid a tribute to the Latin American and recipient countries for their spirit of compromise. The fact that so many States were united in aid to the most needy could only enhance the reputation of the Programme. She regretted that one delegation had not been more flexible on the question of convertibility. It was a matter of great importance for the future of the Programme and she hoped that at the twenty-eighth session of the Governing Council a solution in the interests of the developing countries would be achieved.

99. Mr. AL-SHAKAR (Observer for Bahrain) expressed appreciation to delegations from all corners of the world for the spirit of accommodation, understanding and mutual trust which had guided the labours of the Working Group and the Council.

100. Mr. BROTDININGRAT (Indonesia) expressed his satisfaction that a consensus had been achieved which was more or less acceptable to all. It was a compromise solution which would not meet all the wishes of all delegations, including his own, but the time had come to accept such compromises.

101. During the special Governing Council session of February 1980 his delegation had been among the first to support the common position of the recipient countries based on the following principles: to shift resource allocations so that a much bigger share went to the neediest, while preserving the universality of the Programme by ensuring that no developing recipient country was excluded from the IPF arrangement; to retain the criteria and the general method of calculation which had proved to be the most objective and effective during the present cycle; to reaffirm the voluntary principle; and to expect that Programme resources would grow by 14 per cent annually. He was therefore glad to note that the spirit of that common position was largely preserved in the compromise decision before the Council.

102. He appealed to all participants and in particular to donor countries, traditional or not, to increase their voluntary and readily usable contributions, so that the 14 per cent annual growth rate would be achieved. He emphasized the importance of the problem of convertibility in the framework of the sovereignty of the recipient countries to determine where they wished to send their trainees and whence experts and equipment should come. Currencies should therefore be readily usable according to the wish of the recipient.

103. Mr. PASSIER (Spain) expressed satisfaction that after much discussion and the display of goodwill on many sides, particularly by the Latin American delegations, it had been possible to achieve a solid compromise which he thought his delegation could accept. The question of convertibility was still outstanding and it was a pity that the spirit of compromise could not have embraced that too. The draft decision was a turning-point in the history of UNDP in its efforts on behalf of the poorest countries, which deserved all support.

104. Mr. LEIKVANG (Norway) associated himself with the views expressed by the Danish representative. The only point he would add was a tribute to the spirit of compromise of the countries in the middle-income group.

105. Mr. SY (Senegal) welcomed the fact that agreement had been achieved on preparations for the third programming cycle. As representative of a developing country he regretted that some Programme funds could not be used because they were not convertible. He hoped that donors who gave non-convertible currencies to the Programme would review their position and that at the twenty-eighth session of the Council the bracketed portions of the decision at present before the Council would be removed by agreement. He urged donor countries to do all in their power to achieve the target of a 14 per cent annual increase.

106. Mrs. HOUNGAVOU (Observer for Benin) expressed appreciation to all donors large and small and to all delegations for the spirit of compromise which had led to the agreement on the draft decision before the Council, even though some parts of it were in abeyance. She hoped that the points at issue would be settled by the twenty-eighth session of the Council and that the 14 per cent target of annual increase would be achieved.

107. Mr. SUN (China) welcomed the consensus which had been reached on IPF allocations. He was glad to note from the discussions that the unity and desire to co-operate for the benefit of developing countries had been maintained. He hoped that, guided by the consensus achieved, the Programme would make a solid new contribution to assisting the developing countries during the third programming cycle.

108. Mr. GADEL HAK (Egypt) expressed appreciation to all those who had helped to bring the work of the Council to a successful conclusion.

109. The PRESIDENT invited the Council to approve the decision adopted by the Working Group on indicative planning figures (DP/GC/XXVII/CRP.20) and the unnumbered addendum thereto setting out revised texts for paragraphs 16 (b) and 16 (c) and adding paragraphs 18 and 19.

110. The draft decision and the addendum were approved.

111. Mr. SHUMAEV (Union of Soviet Socialist Republics) said that the discussion at the present session of the Governing Council on preparations for the third programming cycle showed that most delegations believed that the future of the United Nations Development Programme depended on how far the principle of its universal and voluntary nature, established by the 1970 Consensus, was upheld. UNDP was one of the most important instruments of the United Nations in bringing nations closer together and fostering mutual understanding and co-operation in development. Those aims were incompatible with attempts to introduce into the discussions of future Programme activities restrictive conditions concerning the provision and use of Programme funds. On behalf of the socialist countries the USSR rejected such an unconstructive approach.

112. In a spirit of compromise the socialist countries had raised no objection to the adoption of the draft decision without paragraphs 16 (b) and (c), which were in fact not in accordance with the principles of UNDP and represented an attempt to discriminate against the currency of the socialist and some other States and against their technical assistance to developing countries through UNDP. The issue of the non-convertibility of the currencies of the socialist countries was pure propaganda and violated the principle of the voluntary nature of the Programme. The problem of the use of contributions as such did not exist; it had been artificially created by certain circles to try to stop the operational use of some currencies and so to make it impossible for the developing countries to profit from the diversified experience of the socialist States. To some extent it indicated shortcomings in the organization of UNDP technical assistance. The Soviet Union's voluntary contributions to UNDP were fully in accordance with the Programme's financial rules. He therefore rejected any attempt to impose conditions on Soviet contributions to the Programme. That was inadmissible in view of the voluntary and universal nature of the Programme. The Soviet Union, in contrast to other developed countries, neither sought nor received any commercial advantage from participation in the Programme. More than 85 per cent of Soviet contributions were used to great effect in aiding developing countries, as was confirmed by the regular requests which Soviet organizations received from executing agencies in developing countries to use Soviet contributions to UNDP for training national experts from developing countries in the Soviet Union, but UNDP did not take the necessary measures to follow up such requests. He called on the administration of UNDP in future to take steps to ensure the effective use of non-convertible currencies. The socialist countries would co-operate to that end.

113. The Soviet Union was doing all it could to use accumulated rouble balances and appropriate agreements had been reached with UNDP and the specialized agencies. The Soviet Union had accepted a number of UNDP's proposals, viz. for the exchange of 5 million roubles of Soviet contributions into the currencies of developing countries, for the payment of 25 per cent of USSR experts' salaries in roubles, and for the air fares of Soviet experts and fellows studying in the Soviet Union to be paid in roubles. The rouble balances had enabled UNDP to carry out many projects in developing countries and to train experts, supply equipment and undertake research. The representative of Denmark had implied that the training of national experts was not of prime importance; that was not so. The training of national cadres was one of the main principles of assistance to developing countries, since without national trained personnel they could not achieve economic development.

114. The USSR assisted developing countries both multilaterally through the United Nations system and bilaterally, and in the latter case there were no difficulties in the use of Soviet currencies. Nor was there any difficulty in using roubles in UNIDO or other international organizations or in the Regular Programme of Technical Assistance. He could not, therefore, understand why there should be such a problem in UNDP. Indeed, the use of Soviet contributions was advantageous, since the currencies of the socialist States did not fluctuate and were unaffected by inflation and other crises of capitalism. Aid from Soviet organizations was covered by the contributions of the USSR to UNDP and all but 25 per cent of the Soviet contribution was paid in convertible currency. An agreement had been reached to exchange 5 million roubles (about \$7 million) into the currencies of other countries which UNDP could then use for administrative expenditures and increased participation by the USSR in aid programmes.

115. There were indeed many possible ways of using the currencies of the socialist States and other non-convertible currencies. It was a problem which had been discussed many times but no steps had been taken to rationalize the position. He hoped that the Governing Council would soon devise ways of putting those currencies to use. The attempt to discredit the national currencies of a number of donor States was a politically based manoeuvre to complicate international co-operation through the United Nations and could only damage the principles underlying the whole United Nations programme. The socialist countries opposed such machinations.

116. Mr. VASQUEZ DIAS (Mexico), speaking on behalf of the Latin American group, said that in the world of global negotiation, where each party tried to achieve its objectives and protect its interests, there was an increasing need for some form of co-operation in taking decisions. The Latin American group therefore welcomed the Council's approval of the decision on the allocations of IPFs for the third cycle. Nevertheless, UNDP would have to show that it respected its traditional principles and the 1970 Consensus, and it would take a step towards the establishment of the New International Economic Order if it endeavoured to place technical co-operation in its proper global dimension and in a constructive correlation of mutual assistance between developing countries, based on the desire to close the technological gap and to support the countries in greatest need. Latin America had consistently supported the universality and voluntary nature of the Programme as a multilateral venture open to all developing countries whatever their level of income. It was in that spirit that the Latin American group had reiterated the points recommended by the Latin American Economic System (SELA) at its recent meeting.

117. Because of the voluntary nature of the Programme, the Group had always upheld the granting of contributions without any expectation of repayment by all countries, bearing in mind that the effort of the poor countries to make voluntary contributions in freely convertible currencies should be recognized and their example followed by donor countries with strong economies. That did not prevent the Latin American countries from not only increasing their contributions to UNDP with a view to becoming net contributors in some cases, but also contributing to the execution of projects up to ten times the resources they received, bringing about a productive multiplier effect in the use of the amounts allocated to the region. They opposed the concept of repayment as a device and as an aim of UNDP, although they accepted and complied with that concept in credit institutions such as the World Bank. They also opposed the idea of allocations based simply on the criteria of per capita income and population indicators, which penalized the development effort of countries with small populations, particularly isolated island countries. The allocation criteria must comprise the measurement of growth potential and the appropriate use of resources.

118. They also opposed any effort aimed at the gradual destruction of the universal and multilateral meaning of UNDP as a system free from political conditions, as opposed to bilateral purposes and preferences.

119. They had shown solidarity with the other regions of the world by supporting greater allocation of the resources of the Programme to the least developed countries but could not agree that the international community could refuse the co-operation required by any developing country. UNDP was a system of technical co-operation and not a source of paternalistic assistance.

120. The Latin American countries had had to make important concessions in order to support the draft decision but they wished to make it clear that that did not constitute a precedent for future cycles, since the fourth cycle should be formulated in the light of the world situation in the middle of the decade. Meanwhile, they expected the Administration to keep the controversial topic of basic and complementary indicators under review.

121. UNDP did not belong to any particular group of countries. All were contributors and all were beneficiaries. In addition to the common benefit of world peace and a more balanced economy, some countries obviously benefited more than others from the sale of technical services, equipment and the allocation of fellowships. That relationship should become more open, equitable and universal, with increasing offers of such services from the developing countries themselves and through TCDC.

122. There were clear-cut responsibilities for the functioning of the system in all sectors. Since it was more difficult to know how to give than how to receive, the Latin American countries appealed to the developed countries of all economic systems to follow the example of those countries that had shown an admirable international conscience in the high per capita ratio of their contributions.

123. Greater efforts should be made to ensure that during the third cycle the resources of the Programme were tripled, with the combined and voluntary efforts of all countries at levels compatible with the degree of their economic significance in the world. Efforts should also be continued to ensure that contributions accentuated the multilateral nature of the Programme.

124. Latin America continued to uphold the idea of programming by Governments for a better use of the resources allocated, giving priorities to inputs consistent with the development plans and targets of each country. Countries should also be encouraged to reach the level of net contributor.

125. Latin America reiterated its support for the international appeal for a voluntary increase in contributions at a rate of 14 per cent per year. If all countries stated their commitments as well as their requirements, progress would be made towards the establishment of the New International Economic Order and UNDP could become a real instrument to that end.

126. Mrs. AUGUSTE (Trinidad and Tobago) associated herself with the statement which the Mexican representative had made on behalf of the Latin American group. Her delegation had been persuaded to join the consensus just adopted, though the decision had not been easy. She reiterated her support for the universal and voluntary nature of the Programme and said that no aspect of the decision adopted should be regarded as violating those principles. The voluntary nature of contributions was fundamental and in that respect there had been a shift, to the extent that specific targets and dates had been established. Moreover, in view of the need for additional resources, there had been an attempt to shift the onus from the traditional donors to the middle-income countries. She understood the right of countries to be unresponsive to such appeals.

127. Another criticism related to the fact that IPFs were decided on the basis of population and per capita GNP; those criteria worked to the disadvantage of small developing countries because those with small populations received least and had to repay most of what they received. The considerations set out in paragraph 6 should be expanded to take account of the special needs of island developing countries.

128. Implementation of the draft decision would be determined by the growth in programme resources and she hoped that all countries, and particularly the developed countries, would try to meet the target of 14 per cent. UNDP was a unique vehicle for providing humanitarian and technical aid and she hoped to see increased support for its programmes.

129. Mr. SPETSIOS (Greece) expressed appreciation of the spirit of compromise animating the draft decision. It was in accordance with his understanding of the voluntary nature of decisions of the Governing Council which took account of the universal character of the Programme. The relevant provisions of the decision were subject to his Government's constitutional requirements as a member State.

130. Mr. HUTTON (Canada) expressed satisfaction with the achievement of a balanced package which would meet the development needs of various groups of recipients. The Programme must change and adapt; by the decision just adopted UNDP had demonstrated its capacity in that respect.

131. He thought that contributions by donor Governments in non-convertible or blocked currencies were inappropriate. It was the task of UNDP to get the greatest possible development impact from the scarce financial resources provided through voluntary contributions. Tied and non-convertible contributions imposed limitations on the recipient countries and thus prevented them obtaining maximum benefit from the Programme's resources. He urged those who contributed in non-convertible currencies to adjust their policy and become full partners in the efforts of the Council to meet the needs of the developing countries.

132. He associated himself with the draft of paragraph 16 (b) and (c). There was time between the present and the 1981 session to make necessary policy adjustments so that agreement could be reached. It was the concern of UNDP to find compromises acceptable to the recipient and donor countries, and the bracketed portions of the addendum to the draft decision testified to that desire.

133. Mr. GALLITZ (German Democratic Republic) suggested that the word "encore" should be eliminated from line 2 of the French text of paragraph 18.

134. His delegation fully supported the statement made by the representative of the Soviet Union on behalf of all the socialist countries. Subparagraphs 16 (b) and (c) were unacceptable in that they did not conform to the voluntary nature of the Programme. There were many ways in which non-convertible currencies could be employed and efforts to that end should be intensified, for such funds would represent a great contribution to the developing countries.

135. Mr. CZARKOWSKI (Poland) said that his delegation was satisfied with the decision which the Council had reached by consensus. His delegation fully supported the statement made by the representative of the Soviet Union. The question at issue was not one of convertibility but related rather to the voluntary and universal character of the Programme. Contributors had the right to choose national or any other currency for their contributions. To limit UNDP to convertible currencies would prevent donors from increasing their contributions. The problem could easily be solved by finding new ways to use all national currencies in the Programme. Such uses had already been found. His delegation had joined the consensus in the light of those considerations.

136. His delegation had reservations regarding the use of World Bank data for IPF calculations, as specified in paragraph 5. National income was not a suitable measure of development; furthermore, World Bank data was not always objective.

137. Mr. BA-ISSA (Democratic Yemen) said that the decision represented a positive step towards the achievement of social justice for the developing countries. It was important that the data to be used for calculating country IPFs should be decided in consultation with the Governments concerned.

138. Mr. ONDREJCEK (Czechoslovakia) said that his delegation supported the statements made by the representatives of the Soviet Union, Poland and the German Democratic Republic. All services provided by Czechoslovakia through UNDP could be fully covered by his Government's contribution even if thereby his Government incurred certain expenditures in convertible currencies. He was convinced that satisfactory progress could be made during the third cycle within the framework of current financial regulations.

139. Following a procedural discussion, in which Mr. BLAIN (Gambia), Mr. BOURGOIS (Secretary of the Governing Council) and Mr. CZARKOWSKI (Poland) took part, the CHAIRMAN announced that the statement by the representative of Fiji would be circulated in English.

140. Mr. MORSE (Administrator) said that the decision which the Council had adopted (DP/GC/XXVII/CRP.20 and addendum) had met the challenge of fashioning a radically new pattern of resource allocation for technical co-operation among developing countries for the 1980s. The principle had been enunciated that the greatest share of UNDP assistance should go to the developing countries most in need and that 80 per cent of the total amount available for country IPFs should be allocated to countries with a per capita GNP of below \$500. In practice it had been agreed that all efforts should be made to ensure that countries with a per capita GNP below \$3,000, as well as independent island developing countries, net contributor countries and countries whose contributions in convertible currencies exceeded their IPFs for the third cycle, should receive third cycle IPFs which were not less than the second cycle IPFs. Other countries would receive third cycle IPFs of no less than 80 per cent of their previous levels. The specific illustrative country IPFs for the third cycle would be communicated to members of the Council in the near future. He noted that the Working Group on IPFs had agreed, in addition to the points he had outlined, that Mauritania and Senegal should continue to be accorded least developed country status during the third cycle.

141. The decision on resource allocations which the Governing Council had just taken put UNDP in the forefront of development programmes in terms of the progressive nature of its orientation. The challenge of resource mobilization had to be met, however, and a target of \$6.55 billion of voluntary contributions and other programme resources for the 1982-1986 quinquennium had to be assembled. To that end, he would consult and persuade, and would report on his efforts to achieve that dynamic growth in contributions. With the aid of developed and developing countries alike the goal could be achieved.

142. In accordance with the IPF decision, he would hold consultations with all countries regarding their voluntary contributions in the course of the third cycle. His understanding of paragraph 6 (e) (i) of the decision was that 50 per cent of the UNDP-financed programme was a reasonable level for the extent to which countries with a per capita GNP between \$1,500 and \$2,000 should seek to contribute to the programme on a voluntary basis.

143. He looked for the co-operation of donor countries in fulfilling his further responsibility of arriving at a realistic estimate within the coming six months of the actual financial resources likely to be available for the programme for the third cycle.
144. He had taken note of the statements of several delegations that paragraphs 16 (b) and 16 (c) should be on the agenda of the next session of the Governing Council.
145. He expressed his thanks to the delegation of the USSR for the constructive progress which had been made in recent years in connexion with accumulated non-convertible currency balances, but, he rejected the suggestion that UNDP had failed to adopt procedures for the use of non-convertible currencies. UNDP could not be compared with any other programme within the United Nations system. Its basis was the country programmes and thus it recognized the right of developing countries which were sovereign States to determine how they would use the resources allocated to them for the country programmes. The Administrator could not direct the way in which resources allocated under country programmes were to be used.
146. The third cycle IPF consensus which had been adopted was the best decision that the Governing Council had yet rendered and he thanked all concerned for their willingness to seek a consensus.
147. The PRESIDENT announced that, in adopting the decision of the Working Group on Indicative Planning Figures, as amended by the supplementary document, the Council had established, by consensus, the criteria for its operations during the third programming cycle.

The meeting rose at 8.55 p.m.