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SUMMARY RECORD OF THE 710th MEETING

Held at Headquarters, New York,
on Wednesday, 10 June 1981, at 10 a.m.

President: Mr. ABDULAH (Trinidad and Tobago)

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The meeting was called to order at 10.20 a.m.

PROGRAMME OF IMPLEMENTATION (continued) (DP/510 and Add.1, DP/511 and Corr.1, DP/512 and Add.1, DP/513, DP/514, DP/515 and Add.1, DP/516, DP/525, DP/558 and Corr.1)

PROGRAMME PLANNING AND PREPARATION FOR THE THIRD PROGRAMMING CYCLE, 1982-1986 (continued) (DP/517, DP/518 and Corr.1 and Add.1, DP/519, DP/520, DP/521, DP/564, DP/565)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS (continued) (DP/522)

FURTHER CONSIDERATION OF THE ORGANIZATION OF THE SESSION OF THE COUNCIL (continued) (DP/562 and Corr.1)

1. Mr. PÉREZ-GUERRERO (Venezuela), stating the position of the Group of 77 on the financial situation which UNDP faced, said that the prospects were so disturbing that they called for a frank and constructive exchange of views. The problem should be tackled effectively and not allowed to undermine a programme which was so beneficial to the international community.
2. The Administrator had stated some time ago that the IPFs should be cut to 80 per cent of the agreed target of over \$5 billion for the third programming cycle, and he had just indicated that a further decrease in programme allocations might be necessary. That would amount to a more than 30 per cent reduction in the originally agreed target and would mean, in absolute terms, a shortfall of over half a billion dollars in the resources needed for the desired targets and, in real terms, a 12 per cent reduction in the technical co-operation programme as compared with the current cycle.
3. The Group of 77 continued to give full support to Council decision 80/30 and the gentleman's agreements on contributions. Those agreements should be upheld; whether the determination necessary to do so was found would be a test of the international community's commitment to the implementation of the new International Development Strategy.
4. The Group of 77 was extremely apprehensive about the apparent reduction in the contributions of many important countries in spite of the agreements reached at the last session. The contributions of some developed countries appeared to run counter to the requirements of the beneficiary developing countries, and the expanded practice of tying up the utilization of contributions slanted them more towards the contributing countries than towards the recipient countries. That regrettable situation had to be redressed without delay. The Group of 77 hoped that all members of the Council would see the need to act positively for the sake of UNDP beneficiaries, all the participating countries and the United Nations system itself. UNDP, which made good use of the system as a whole and gave it greater cohesion through the involvement of the many executing agencies, served to increase the appreciation of and respect for the image of the United Nations in developed as well as developing countries.

(Mr. Pérez-Guerrero, Venezuela)

5. It should not be forgotten that the recipient countries bore a significant part of the expenses required for the Programme's implementation, and that the contributing countries benefited directly by providing goods, services and the majority of experts. The operation under United Nations auspices between experts from many countries and local experts and personnel was an invaluable and dynamic asset that must be preserved and made increasingly fruitful.
6. No country would wish to bear the responsibility for damaging UNDP's co-operative programme. All countries should, therefore, aim at its continued improvement, both qualitatively and quantitatively, and resist what would be a crippling reduction. The Group of 77 hoped that, by the end of the current session, the uncertainties regarding the financial situation would be dispelled.
7. Mr. SICAT (Observer for the Philippines) said that the Philippine country programme incorporated the Government's major priorities regarding the use of its scarce IPF resources and was in full harmony with the demands to be made on all technical co-operation resources in his country's development plan.
8. As a member of the Group of 77, his delegation wished to associate itself fully with the spokesman's statement on UNDP's financial situation. The uncertainty of that situation could only threaten the programmes to be undertaken for many developing countries using UNDP resources and would affect the development impact of the United Nations system. The Council's recent decisions to match the resource picture with more effective control over the quality of service delivery were commendable. UNDP must continue to study how it could effectively deliver its services while minimizing costs.
9. UNDP's efforts to contain its administrative costs, especially in recent years, and its decision to fix its administrative budget to zero growth in real terms, especially in the next two years, were commendable. But there must be a continuing assessment of how the administrative budget could be contained more effectively in programme areas and regions. In that connexion, it was interesting that administrative costs as a percentage of the IPF for various regions had varied from 6.4 per cent to 27.5 per cent. The size of the programmes under the IPF and peculiar local conditions could partially account for that disparity, but there might also be special reasons for it, and he urged that the matter be looked into. Furthermore, the ratios might not give the full picture, since counterpart costs were involved in every dollar of administrative cost born by host Governments. The continuing review of progress in minimizing administrative costs and maximizing the delivery of actual technical co-operation services might be beneficial with respect to the resource costs borne by host Governments.
10. The reasons for the lack of government execution, mentioned in document DP/558, varied according to country, government, agency and official attitude; but, in the case of Governments interested in and capable of undertaking execution, the complicated and unwieldy procedures were a major stumbling block. He urged the Council to resolve that issue by including compensation through support cost as a reimbursement for extra costs incurred by executing Governments because of project

(Mr. Sicat, Observer, Philippines)

implementation. He supported the procedure of making government execution a modus operandi for Governments desiring that form of project execution, for it would strengthen the capacity for service delivery by Governments, as well as the general development effort.

11. With respect to intercountry programmes and projects, he supported the proposal that regional programmes should be enlarged not only to promote greater TCDC but as a reasonable framework for expanding regional and subregional growth opportunities. In situations where greater regional expression had been evident, such as in ASEAN, he recommended that intercountry programmes be actively encouraged. As far as possible, programmes of United Nations or intergovernmental regional institutions should be based only on a network arrangement, because more direct benefits would thus be derived by participating countries. A network approach might not only prove cheaper in the long run, but would also enable the local institutions to be strengthened more directly. Moreover, scarce personnel would not have to be diverted to centralized institutions, and experts would be retained where they were most needed. Serious study should be given to the subject of regional advisers.

12. With respect to the Philippine country programme, he wished to assure the Council that his country had provided enough safeguards for strict adherence to its national priorities, and that it provided for sufficient flexibility in order to enable the country to address new and urgent needs as they developed.

13. Mr. GRAWE (Federal Republic of Germany) said that his delegation attached great importance to the policy decision taken at the twenty-seventh session that in future a greater portion of UNDP resources should be channelled to poorer countries and that the wealthier developing countries would assume an increasing share of UNDP costs. He hoped that the Administrator's consultations on that matter would finally be successful.

14. The reasons for the declining share of technical assistance channelled through UNDP were that some specialized agencies had built up technical assistance programmes from their regular assessed budgets and that new multilateral funds had been established outside the UNDP framework which attracted voluntary contributions that might otherwise have been given to UNDP. His delegation believed that the creation of additional global funds for technical assistance should cease; far from adding resources, new funds would split up existing ones, consequently diminishing UNDP's share. Serious consideration should be given to the Administrator's proposal that, when new multisectoral financial arrangements for multilateral technical co-operation were deemed necessary, such funds should be placed under the Council's authority. It was also important to consider what UNDP itself might be able to contribute in order to strengthen its co-ordinating role. His delegation welcomed UNDP's intention to present country programmes in a more timely manner; such a practice would assist in the co-ordination of technical assistance within the United Nations. The country programme as a frame of reference for operational activities by United Nations organizations was an invaluable tool which should be fully utilized. UNDP should develop a clearer profile of sectoral priorities - a policy which would strengthen its position vis-à-vis the executing agencies and perhaps lessen pressure from Governments for new sectoral funds.

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(Mr. Grawe, Federal Republic of Germany)

15. The figure for contributions to the third programming cycle caused concern, because the planning target could be reached only if all the industrialized countries, irrespective of their economic or social system, contributed an appropriate share to the development of the third world. Currently, a number of countries with available resources were making only minimum contributions to UNDP. It would be useful if the oil-exporting countries would provide more resources to UNDP. His country was not at present able to indicate its contribution for the third cycle, but UNDP would certainly receive its continued support.
16. The proposal to reduce the field programme for 1982 to 80 per cent was valid, but could be accepted only with a corresponding reduction in UNDP administrative costs. In that connexion, his delegation would find it difficult to agree to the proposal contained in document DP/550 to increase the staff by 63 posts, and suggested that ongoing programmes should be assessed instead in order to achieve possible savings in staff costs. Some of the 114 country programmes might be transformed into regional offices.
17. With respect to government execution, his delegation advocated a pragmatic approach to implementing the concept of new dimensions of technical co-operation. Strengthening the self-reliance of developing countries was one of the guiding principles of his country's bilateral and multilateral aid policy. Document DP/558 on the subject was disappointing, for it analysed the situation too generally. Before further decisions could be taken, a more thorough assessment was required. Furthermore, the document anticipated more personnel for the field offices as a result of expanded government execution. In the present situation, higher administrative costs might be extremely difficult to accept. His delegation did favour government execution as a principle, however.
18. With regard to non-convertible currencies, it appeared that the Administrator's consultations with the Governments concerned had led nowhere. In line with paragraph 16 (b) of decision 80/30, his delegation believed that all contributions should be readily usable by UNDP. With regard to payment for services and equipment, the decision taken at the Council's last session was still valid, and his delegation expected all parties concerned to abide by it. There might be dangerous repercussions affecting his Government's support to UNDP if contributions were used as a clearing mechanism for non-convertible currencies.
19. It was regrettable but understandable that because of budgetary constraints it might not be possible to expand the evaluation programme. It would be interesting to learn about the follow-up of the evaluation reports.
20. His Government attached great importance to the population problem and the work of UNFPA, and was satisfied with the Fund's performance.
21. He wished to reaffirm his Government's continuing support for UNDP. The Programme must continue to play a vital role in relations between North and South; its guiding principles served as an excellent example of constructive co-operation between the industrialized and developing countries.

22. Mr. LA ROCCA (Italy) noted that it had not so far proved possible to establish within the United Nations framework the global dialogue which was essential to the task of solving the existing world economic crisis and the serious problems of economic development affecting the least developed countries. The current instability in the world economy called for a strengthening of all structures and initiatives aimed at assisting the economic development of the poorer parts of the world. Yet there were signs of a decreased interest in the contribution that multilateral development assistance could make to the progress of the developing countries, and particularly of the most disadvantaged of those countries. UNDP had played and should continue to play a key role in the promotion of substantive forms of co-operation for development, with the active participation of all States, including those developing countries which had already achieved the capacity to contribute in a more substantial manner, and also those developing countries which were recipients of UNDP assistance.

23. His Government had in recent years greatly increased its financial contribution to the Programme and its collaboration with UNDP offices and activities. It had also provided renewed and more substantial assistance, financial and otherwise, to many of the funds administered by UNDP, including the Interim Fund for Science and Technology for Development, to which his country was currently the major contributor. His Government believed in the essential role of multilateral assistance for a better co-ordination of initiatives, for a more effective management of resources and for a more balanced participation in decision-making processes. It would make a continuous effort to strengthen its financial support to UNDP along the lines indicated at the twenty-seventh session of the Governing Council. Following the important conclusions reached at that session, his delegation was able to take a positive view of the Programme's 1980 activities. The Administrator's annual report on those activities stressed the efforts made by UNDP to cope with a budgetary situation which was far from reassuring in the light of the enormous needs of the developing countries. His Government welcomed the emphasis on agricultural development and other priority areas, as also the strengthening of pre-investment activities.

24. However, his delegation shared the concern which the Administrator had already expressed with regard to the Programme's resources for its third cycle of activities (1982-1986). In view of the extreme difficulty of planning projects and expenditures in a body which was dependent upon the voluntary support of contributing States, UNDP must display the greatest flexibility and plan its commitments with caution. For the same reason, there should be periodic adjustments in the Programme's levels of commitment in accordance with the resources available. It was to be hoped that such planning might improve during the third cycle.

25. His delegation agreed with those who were requesting greater support and an adequate financial contribution to the Programme in order to ensure the continuation of its large-scale operation. The appeal for a more positive attitude to UNDP should be heeded by all States in a position to provide support, not only the traditional donors but also certain developing countries, and particularly those in OPEC, whose national per capita income often surpassed that of several of

(Mr. La Rocca, Italy)

the traditional donor countries, including his own. Besides benefiting the Programme's resources, an increase in those countries' commitments would reaffirm the concern of all participants in the North-South dialogue to conserve and strengthen multilateral activities in favour of development within the United Nations framework. A similar obligation was incumbent on the industrialized countries of Eastern Europe, whose lack of concrete support for international economic co-operation for development, and whose limited commitment to multilateral assistance bodies such as UNDP, no longer appeared justifiable. It was against that background that the current session of the Governing Council would have to approach the age-old problem of the non-convertible currencies available to UNDP.

26. First priority should be accorded to the need to streamline the Programme's activities and initiatives in order to obtain a concentration of efforts directed towards the primary objectives in the traditional mandate of UNDP. Secondly, it would be necessary to study ways and means for ensuring still greater efficiency in the structures and administrative apparatus of the Programme, an apparatus which, due to inflation and other causes, tended to absorb an ever-increasing proportion of UNDP resources at the expense of substantive development projects. In that context, although his delegation had noted with satisfaction certain developments such as the recent appointment of several resident representatives as on-site co-ordinators of United Nations activities, it wondered whether a more effective cost sharing of expenditures might not be appropriate in view of the fact that the strengthening of those UNDP structures was intended to benefit other United Nations organizations as well. In the same context, his delegation believed that the problems of overheads for executing agencies should be reviewed.

27. A further need was for greater co-ordination and information with regard to the various initiatives and assistance projects developed by the many United Nations bodies responsible for development assistance. The proliferation of the funds, and the imprecise mandates of those funds and of the various United Nations agencies, had led to duplication of effort and a series of sporadic and poorly co-ordinated interventions. Although the over-all problem of co-ordinating United Nations development activities was beyond the competence of the Governing Council, constructive steps could be taken by making more information available to other agencies of the system and to Member States and by co-ordinating initiatives. In particular, more thorough and comprehensive information should be provided by the relevant UNDP offices on the economic and social results achieved by projects in developing countries. In addition, a UNDP report on the steps it had taken to co-ordinate its activities, including those carried out by the various funds which it administered, and also information concerning the activities of other United Nations bodies and agencies, could provide Member States with a better view of the matter in future. Such a report could, for example, concern itself with the efforts to co-ordinate activities in such fields as agricultural development, energy and natural resources development, together with activities within given geographical areas.

(Mr. La Rocca, Italy)

28. In connexion with the Programme's resources, attention should be given to such forms of co-operation as the implementation of cost-sharing projects. The Administrator's report had shown how important that form of co-operation had become in recent years. His Government looked forward to increasing collaboration with UNDP through co-financing arrangements for mutually agreed projects in priority sectors.

29. Mr. HEIMO (Switzerland) said that his Government still considered UNDP as the central planning and co-ordinating body for technical co-operation in the United Nations and that the Programme could therefore count on its support. Technical assistance continued to be indispensable for the majority of developing countries, and particularly the least developed of those countries. It was essential that some of that assistance should be made available on a multilateral basis within the framework of a planning process in which the beneficiary countries would participate. UNDP's structure and machinery made it an appropriate instrument for that purpose. However, it was a matter of regret that some executing agencies, and not necessarily the least important among them, seemed to find it more and more difficult to submit to UNDP co-ordination. His delegation therefore hoped that UNDP would contribute to an improvement in the co-ordination of multilateral technical co-operation.

30. The developing countries should not regard the UNDP role as confined to that of fund-raising. It was no less vital that in those countries UNDP should be a well-stocked reservoir of information on all matters relating to technical co-operation, a role which was particularly valuable in the case of the least developed countries. Such countries must be given assistance in planning and co-ordinating their development activities, especially with regard to government execution and management of projects.

31. Resources for the third programming cycle should be increased in such a way as to strengthen the ability of the United Nations system to provide the developing countries, and particularly the poorest of those countries, with the technical assistance they needed. The difficulties caused by fluctuations in exchange rates could be offset to a certain extent by the corresponding reduction in the cost of goods and services purchased in countries whose currency was depreciating against the dollar. However, the discrepancy between initial intentions and current forecasts was also the result of financial or political difficulties in the donor countries. It was to be hoped that the alarming figures presented by the Administrator would encourage all countries to reconsider their position in view of the grave consequences which would follow from a reduction in the real value of the Programme. His country attached great importance to UNDP, and had fully supported the target of a 14 per cent annual growth rate.

32. The proliferation of special funds for development co-operation had complicated the work of those engaged in promoting development and of those bodies responsible for allocating resources for official development assistance. The credibility of the financing system was diminished; the management of resources became more difficult; and the total costs of administration increased, becoming

(Mr. Heimo, Switzerland)

disproportionate to the resources in hand. The establishment of a new fund did not necessarily lead to an increase in the total contributions made available for development. It was, on the other hand, true that some new funds had enabled donors to give preference to a specific sector, region or country. Accordingly, a new fund should be created only in exceptional cases and after careful consideration of the circumstances in which it was to be set up. Any new fund should in principle be entrusted to an appropriate existing organization and should not be used as a pretext for creating a new organization. UNDP should be accorded a privileged position when new technical assistance funds were set up. Its administrative machinery had, on the whole, proved satisfactory, while its almost world-wide network of resident representatives would ensure that additional resources were properly utilized. Furthermore, UNDP had already gained experience in administering a number of funds. Last but not least, the management of possible new funds would enable UNDP to make better use of its administrative machinery, a consideration which was not to be ignored in the event of a possible slowing-down in the growth of the Programme's resources as a whole.

33. The question of administrative expenses would no doubt be given due consideration by the Budgetary and Finance Committee, which would make the appropriate recommendations to the Governing Council. It was to be noted that administrative expenses had a regrettable tendency to outweigh those of the operational programme in the UNDP budget. In annex I, paragraph 11, of his note (DP/517) the Administrator had stated that "the UNDP administrative budget costs would increase disproportionately in relation to the total resources administered by UNDP". In his delegation's view, however, the size of an administrative apparatus must be compatible with the functions of the organization concerned. The relationship between administrative costs and the Programme's operational resources should therefore be more satisfactorily adjusted. In 1980 the Governing Council had decided to reduce the reimbursement rate for agency support costs to 13 per cent, a step which would undoubtedly have a positive effect. At the same time, the Council had asked the Administrator to reduce the administrative and support costs for UNDP programmes, and had established as an initial target the figure of 12 per cent of total programme cost. However, that initial target appeared to be still a long way off and the proportion of the administrative budget would indeed increase compared with the biennium 1980-1981. If administrative costs increased, and if the costs of operations went beyond certain limits, it would become difficult to argue that countries should increase their support for official development assistance and their contributions to multilateral technical co-operation. It was therefore essential that the Governing Council should give careful consideration to all possibilities of keeping administrative costs within acceptable limits.

34. Mr. FIGUERERO-ANTEQUEDA (Argentina) said that his delegation strongly supported the common position of the developing countries as outlined by the representative of Venezuela. It was ready to co-operate to find solutions acceptable to all participants in UNDP and especially to the developing countries, for which the Programme was an important element for growth and progress.

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(Mr. Figuerero-Antequeda, Argentina)

35. Prospects for the developing countries in terms of international economic relations, and more specifically co-operation for development, were discouraging, despite the relatively ambitious nature of the Strategy for the Decade recently approved. The difficult world economic situation was being used to justify a reduction in United Nations operational activities, although in fact the economic situation of the industrialized countries had not altered significantly since the adoption of decision 80/30, and some were experiencing a significant upsurge of economic activity. Many countries experiencing severe problems had maintained their efforts; the Latin American countries, for example, had increased their contribution to UNDP by more than 14 per cent. Other countries not experiencing major problems were precisely those which were announcing reductions in contributions to international co-operation bodies. That, together with exchange-rate fluctuations in favour of the dollar, was prejudicial to the Programme. Yet in most cases a large part, if not all, of a contribution to technical co-operation was recovered by the donor country through the use of its national experts, advisers, capital goods and technology. Thus the traditional donor countries suffered no real balance-of-payments problems as a result of their contributions, either in cases of "tied" aid or in the type of multilateral and multipurpose aid organized by UNDP.

36. Latin America was the region most affected by the reductions in the activities of international technical co-operation. If Latin America were to be excluded from UNDP, not only would Latin America suffer but also, and above all, UNDP itself would be damaged, without the irreplaceable and indispensable contribution for other developing regions of the Latin American experience. Proof that Latin America was increasingly being neglected was to be found in many of the documents before the Council, and in particular in the Administrator's annual report (DP/510). The table in paragraph 33 showed that sums allocated to Latin American projects had been halved between 1979 and 1980, whilst no other region had suffered a reduction greater than 11 per cent. The delegations of Latin America were united in opposing any reduction or discriminatory treatment affecting any region.

37. His delegation agreed with the Administrator's recommendation (DP/517, annex II, para. 40) that the attention of all Governments, and especially those of developing countries, should be drawn to the serious situation which would result from a considerable reduction in programmed resources. Every effort must be made to ensure that the contributions of all countries were consistent with the targets laid down by decision 80/30, which was a solemn commitment forming the basis of the Programme and should not be open to question.

38. With regard to administrative costs, it was interesting to refer to the table entitled "UNDP: Sources and uses of new financial resources, selected scenarios; 1982-1986" in the Administrator's note (DP/517, annex I). The third suggested scenario, devised in order to avoid a deficit, projected a field programme allocation 27 per cent below the target set by decision 80/30, whereas comparison with the other headings showed a projected increase in the administrative budget of UNDP of 25 per cent. That implied that the bureaucratic activities of the UNDP secretariat were the priority and that the field programme was secondary. The projects, however, were the justification for the existence of UNDP, and they

(Mr. Figuerero-Antequera, Argentina)

should not therefore bear the whole or even the main part of the weight of the reductions in resources; staffing and administrative budgets must also be reduced. The Administrator himself recognized (DP/517, annex I, para. 11) that that scenario (the most restrictive) would cause the administrative budget to grow out of proportion with total UNDP resources. FAO had calculated that, failing reductions, the proportion of the budget allocated to administration would rise to the unacceptable level of almost 20 per cent. The interesting and frank discussions held between the top-ranking staff of FAO and the UNDP Administrator would be sure to assist the Governing Council in taking informed and well-founded decisions.

39. Among the opinions of FAO, his delegation could not agree that the planning cycle defined in the consensus of 1970 should be replaced by a system of allocating resources on an annual basis; that was manifestly inadequate for the programming of technical co-operation, in addition to the fact that the system of indicative planning figures was the only orderly and equitable manner of determining the size of the aid received by each developing country. FAO was mistaken in asserting that a single central funding mechanism led to a reduction rather than an increase in flows of resources. The weakening of UNDP as a central mechanism, which would appear to be welcomed by the FAO secretariat and by some Governments, at least implicitly, would serve only to undermine the multilateral and multipurpose nature of UNDP technical assistance and would make it impossible for developing countries effectively to exercise their right to decide where the priorities should lie, in terms of sectors and projects. The proliferation of special-purpose funds would undoubtedly result in a new international economic and political order of a very different kind from that ostensibly sought by the United Nations. However, the Director-General of FAO was right to the extent that an attempt by UNDP to withdraw from the specialized agencies funds currently used for special development projects would not add in any way to the total amount of technical assistance available, but would be an attempt to justify an excessively large UNDP administrative budget.

40. When the issue of the limits of UNDP action had been discussed at the Council's twenty-fourth and twenty-fifth sessions, there had been important differences of opinion between the secretariats of UNDP and the specialized agencies as to how far UNDP should involve itself in the "substance" of technical co-operation, and on the respective roles of the specialized agencies and UNDP. Bureaucratic interests, seeking increased staffing and administrative budgets, or the "strengthening" of a certain office or agency, played a large part in that crucial debate. Yet the secretariats of the agencies must understand that decisions taken by Governments in intergovernmental bodies were taken in their own interests and benefited secretariats only incidentally.

41. One notable and welcome development was UNDP's attitude to the "new dimensions" of technical co-operation, and in particular the recommendation made by the General Assembly, in its resolution 3405 (XXX), that the Governments of recipient countries should increasingly assume responsibility for executing projects assisted by UNDP. His delegation supported the recommendations contained in document DP/558, which dealt with the matter in detail, and particularly the draft decision in paragraph 55.

(Mr. Figuerero-Antequeda, Argentina)

42. UNDP's action in offering Governments the alternative of executing projects through the UNDP Office of Projects Execution had been criticized unjustly by FAO; it had been shown often to reduce costs and increase efficiency and to be a useful alternative, if only by virtue of the concern and the added effort which it appeared to have provoked in some specialized agencies.

43. His delegation wished to stress one aspect which was particularly relevant in terms of those new dimensions: special preference should be given to developing countries for projects originating in those countries, especially in the international bidding process, and above all in the context of TCDC.

44. One possible step towards resolving the differences between UNDP and the specialized agencies would be for the Governing Council to examine in detail the question of the rosters of experts, and the processes used for drawing them up in both the specialized agencies and UNDP, with a view to achieving a greater degree of consistency. Greater participation by Governments was desirable.

45. It should be remembered, in short, that what might be ideal for UNDP in a time of financial normality might be excessively expensive for the immediate future. The Governing Council must decide which programme activities were priorities; there must be restrictions on expenditure which diverted investment from projects, appointments of new staff must be frozen, especially at Headquarters, and thematic analysis exercises and preparatory missions for sectoral studies must be kept to a minimum. In other words, further strengthening of the "substantive function" of UNDP must be postponed. For the same reasons, his country opposed the use of the system's funds to finance sectoral offices which served only to establish an unnecessary administrative bureaucracy and sometimes as a pretext for removing undesirable staff from Headquarters. The interests of donor and receiving countries coincided on that point, since the reluctance of many developing countries to increase their contributions arose from the fact that the proportion devoted to administrative costs as opposed to specific projects, was steadily increasing.

46. A further subject of interest was that of follow-up investment. The 1975 General Assembly resolution on new dimensions stated that UNDP should be involved more frequently with capital assistance sources, since the formation of capital was the crucial element in the development process. That subject had been neglected since the adoption of the Consensus in 1970, and at the twenty-fourth session of the Governing Council his delegation had proposed successfully that the Administrator should give additional attention to the issue. The reaction from the Administration had been commendable, in terms, above all, of establishing criteria with reference to which projects involving pre-investment could be identified, so that UNDP could be in a position to help Governments to obtain the funding for follow-up investment.

47. His delegation welcomed the definitions in document DP/521 of pre-investment and investment-oriented projects, especially those relating to the study of natural resources, and welcomed the agreements signed by UNDP with FAO and WHO. The possibilities involved in that type of agreement were witnessed by the fact that FAO was working as executing agency on 19 projects.

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(Mr. Figuerero-Antequeda, Argentina)

48. The training programme for field offices offered great possibilities, since they would then be able to give better advice to Governments on the link between pre-investment and investment and on potential investors. Another positive result of the increased attention given to that issue had been the agreements signed between UNDP and financial institutions, in particular the World Bank, the regional development banks and the International Fund for Agricultural Development, which were able to involve themselves with advantage in pre-investment projects, from inception, and his delegation consequently supported unreservedly the recommendation contained in document DP/521 (para. 38).

49. Special mention should be made of the meeting between UNDP and ECLA in Montevideo in May, which had established priorities for the regional programme for Latin America; that meeting was unprecedented and had enabled the region to assert its autonomy in determining the issues which were substantive in its development; it had demonstrated the will to implement regional projects which related the development objectives of Latin America to the current status of the Programme. His delegation was convinced of the need to strengthen the decision-making power of Governments in terms of the execution of, and follow-up to, national, regional and interregional projects.

50. His delegation was particularly interested also in the work carried out by UNDP, in support of Governments, in the context of TCDC and supported the results of the recent High-level Meeting. His country, which had acted as host for the historic conference on TCDC, was convinced of the role of the international community in supporting the activities of the developing countries, and believed that the guidelines just approved by the Meeting would, when applied to the standards and procedures of UNDP, give more flexibility to the Programme.

51. In conclusion, he stressed the confidence of his Government in UNDP. Its contribution, including that for 1981, would continue to be increased by a cumulative rate of 14 per cent a year. That confidence extended both to the efforts of the Administrator to strengthen the Programme and to the highly satisfactory work of the Director of the Latin American Regional Office.

52. Mr. AL-EBRAHIM (Kuwait) said that his country would do its utmost to fulfil the goals and expectations embodied in Council decision 80/30. However, he regretted that some donor Governments had expressed reservations about the feasibility of meeting the 14-per-cent target, and he hoped that his country's co-operation with UNDP would not be affected by those reservations. His delegation was entirely in agreement with the views expressed on that matter by the Chairman of the Group of 77.

53. The current state of the world economy, which placed added burdens on the developing countries, was essentially a reflection of underlying structural maladjustments and of a persisting lack of equity in international economic relations. The lack of progress in international negotiations on restructuring and the difficulties encountered in establishing the new international economic order and in launching the new round of global negotiations on economic co-operation were mainly due to the lack of the necessary political will.

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(Mr. Al-Ebrahim, Kuwait)

54. The scale of the problems facing the developing countries was illustrated by the fact that, while world food production had more than doubled over the previous 25 years, all the developing regions of the world had moved from a position of surplus prior to the Second World War to that of serious deficit. Imports of cereals by developing countries had risen from 20 million tons in the 1960s to 80 million in 1978-1979. The situation was particularly bleak in Africa, which had the highest population growth rate in the world and a stagnant level of aggregate food production. The financing required to attain the base for agricultural development which would eventually eliminate all such deficits required massive new investments, estimated by FAO at \$52 billion in the 1980s.

55. The object of United Nations aid institutions was primarily to assist developing countries in their economic and social development efforts. For that reason, those institutions had channelled their assistance into areas perceived by the recipients of aid to be of major importance. Substantial investments had been made in expanding, rehabilitating and maintaining the physical infrastructure, and a large allocation of resources had also been directed to the energy and agriculture sectors in order to reduce the dependence of the recipient countries on imports. The aid institutions had devoted 22 per cent of their total project financing to developing indigenous sources of energy and 17 per cent to promoting agriculture and rural development. He pointed out that his country, Qatar, Saudi Arabia and the United Arab Emirates were among the foremost donors in terms of the absolute amount of concessional aid. At the same time, his country was not a developed or semi-industrialized country and did not regard its aid as an instrument designed to secure external markets for its products or to maintain a sphere of influence.

56. On the question of co-operation, he said that the Conference on Economic Co-operation among Developing Countries held at Caracas had been a step in the right direction. However, as the Group of 77 had stated in its declaration at Caracas, economic co-operation among developing countries was not a substitute for global economic co-operation between developing and developed countries, and could not in any way relieve the industrialized countries of their responsibilities and commitment towards developing countries.

57. His Government had always regarded the Governing Council as an important forum in which to reaffirm its support for the United Nations system and development efforts. The Kuwait country programme was regarded as an effective instrument for the management and co-ordination of United Nations activities in the country. To ensure effective implementation of United Nations technical assistance, the country programme (1979-1982) had been made subject to annual review. The review of the first year had taken place in December 1980, with the full participation of the relevant Ministries and the Office of the UNDP Resident Representative in Kuwait. All the ongoing projects had been jointly evaluated and new technical assistance requirements reviewed. As a result, some projects had been extended or terminated, while others which corresponded to new requirements had been incorporated in the country programme.

58. His Government was of the firm belief that international organizations could play a key role in any development strategy aimed at achieving economic justice

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(Mr. Al-Ebrahim, Kuwait)

between nations. It was to be noted, however, that the machinery of the United Nations system was expanding through the establishment of numerous new bodies for different development purposes, some of them overlapping. Co-ordination between those bodies would reduce unnecessary fragmentation and would make the United Nations development system more efficient.

59. While agreeing with the criteria to be used in the research projects for 1982-1986, his delegation wished to comment on a number of issues affecting UNDP which were of particular concern to it. Firstly, in view of the great need for skills development, UNDP assistance should be more extensively used to build up indigenous resources and expertise. Secondly, education and training should be suitably designed to promote self-reliance. Thirdly, it was desirable to place more emphasis on the need for the least developed countries to establish production facilities and ensure proper utilization of local human resources. Fourthly, promotion of regional industrial activities should be carried out in such a way as to provide a more balanced geographical distribution of employment opportunities. Fifthly, since the resources available from multilateral development assistance were limited, it was important to ensure that those resources were used in such a way as to provide immediate benefits to the developing countries. UNDP could make its resources go further by improving co-ordination and performance, by concentrating on important issues, by avoiding duplication and by reducing its overhead costs. Sixthly, the objectives of each development project should, as far as possible, be clearly defined and given specific time limits. Effective evaluation of such projects could substantially contribute to programme development.

60. In conclusion, his delegation emphasized the need to enhance field programme activities and to ensure greater participation of the least developed countries in development planning. His Government believed that no meaningful change could occur without the full participation of recipient Governments in each phase of the development programme.

61. Mr. LIEVANO (Colombia) said that UNDP was rendering effective services to Member States. The deficiencies that might be noted in its operation should not lead delegations to ignore the importance of those services or to refrain from making the necessary efforts to improve its operational machinery and increase its financial resources. Any indication of real or presumed financial difficulties of the Programme was disturbing, because they set limitations on the full execution of UNDP activities and progress and caused Member States to vie with each other in obtaining resources.

62. Colombia, which had contributed regularly, trusted that the modest co-operation which had been extended to it would not be reduced and that the temporary financial difficulties of the Programme would not be resolved at the cost of the region to which it belonged. Colombia was concerned by the tendency of the richer countries to emphasize the extreme poverty of some countries or regional groups of countries, not in order to furnish new and greater resources that would make it possible to extend to them effective international co-operation, but in order to suggest that available resources should be devoted exclusively to

(Mr. Lievano, Colombia)

countries in conditions of absolute poverty, whose needs, it was erroneously supposed, could be satisfied by sums which, being meagre, did not require any change in the old criteria on the treatment of the problems of international economic development. That strengthening trend stimulated rivalries among the peoples of the third world and weakened the joint position that had enabled them to defend with solidarity a more just world economic order. He could therefore not accept that the continual reduction of the financial co-operation of the industrial societies in the tasks of development should lead to the institutionalization in the United Nations system, and in particular in its Development Programme, of the theory that those who had made some initial progress in the modernization of their economies could be excluded from the benefits of the Programme by the new procedure of establishing distinct categories among the countries of the third world.

63. Colombia believed that the principles and practices which had inspired the establishment of UNDP - namely, its universality, its voluntary nature, the concept that co-operation and technical assistance, and not merely aid to alleviate desperate situations, should be extended, the urgency of requesting all States, and particularly the richest States, to make contributions, and the decision that any budget cuts should be across the board - should be maintained. The philosophy of the Programme could not be oriented towards penalizing the initial advances of development.

64. Colombia had established and followed a policy of the co-financing of projects, which meant the financing by the Colombian Government of 30 per cent of the total cost and 50 per cent in the case of project extensions.

65. The Programme continued to be an especially effective instrument for promoting development, and he trusted that its essential aims would be maintained. The failure on the part of certain donor countries to honour the "gentlemen's agreement" adopted the previous year in the Governing Council and providing for an annual increase in contributions of 14 per cent was ground for concern and jeopardized the very existence of the Programme. He drew attention, however, to the attitude of the developing countries, which, in spite of difficulties, had increased their contributions. For example, the Latin American countries had increased their contributions by 19 per cent during the current year.

66. It was still necessary to make a careful study of the expenditures and finances of the Programme and the cost of the bureaucracy administering it. He warned of the danger that the Programme might become contaminated with the tendencies which, in the modern world, led to excessive bureaucratization, as had happened in many international organizations. The risk must be averted of endeavouring to resolve temporary or permanent financial difficulties by reducing services while keeping the bureaucracy intact. Such a procedure had progressively undermined the effectiveness of other organizations, making them not service entities but job machines.

67. He expressed Colombia's support to the Administrator, whose wise leadership gave grounds for hoping that the growing difficulties created by the weakening of international economic co-operation would be overcome by UNDP.

68. Mr. CHEN Xing-nong (China) said that, according to the annual report of the Administrator (DP/510), the annual growth rate of contributions for the period 1976-1979 had averaged 15 per cent; however, for the years 1980 and 1981, the growth rate of contributions had fallen precipitously to 4 per cent. According to initial estimates, the annual growth rate of contributions in the third cycle would be 8 per cent at the most and the funds that could be used in real assistance would amount to only \$US 3.7 billion, about 73 per cent of the figure planned by the Governing Council at its last session. As the Administrator had further pointed out, if inflation was taken into account, the resources available for assistance during the third cycle would decrease by 12 per cent as compared with the current cycle.

69. Since the last session of the Governing Council, the Administration of UNDP had made many efforts to sustain the previous outstanding contributions performance. On the basis of his consultations with the Governments of major donor countries, the Administrator had put forward a series of proposals designed to increase the financial resources of the third cycle; those proposals should be considered by the Council.

70. Quite a few developing countries had already formulated or were about to formulate their own country programmes for the third cycle on the basis of the indicative planning figures initially agreed upon at the twenty-seventh session of the Governing Council. If the IPFs were suddenly reduced, those countries' arrangements would be affected and they would suffer undue losses. Therefore, the Council must act with great caution on that question.

71. He agreed with the appeal made by many delegations that the developed countries should fully implement the relevant resolutions adopted at the sixth special session of the General Assembly on the establishment of a new international economic order, as well as those concerning the Development Decade; they should adopt a positive attitude, increase their contributions to the third cycle and make a greater contribution to the economic development of the developing countries. UNDP, for its part, should expand the source of its funds and encourage third-country financing and other multilateral activities; it should tap and utilize the capacities of existing agencies, work hard to reduce overhead costs, pay special attention to the wishes and needs of the recipient countries, and lay emphasis on the quality of the project and its economic effect. UNDP and the executing agencies should constantly sum up their experience and reform and simplify regulations and operational procedures that hindered assistance activities, so that more could be done at lesser cost. UNDP should take forceful measures to solve the problem of the accumulation of non-convertible currencies and should use its limited resources to help the countries engaging in peaceful construction and development. It was not appropriate for UNDP to render assistance to a country that had invaded and occupied the territory of another country, in violation of the spirit of the United Nations Charter, until the country had implemented the General Assembly resolution on the withdrawal of troops.

72. The report in document DP/558 raised some important questions regarding ways of further improving the assistance activities of UNDP. It was gratifying to note that the value of projects directly executed by recipient Governments amounted to

(Mr. Chen Xing-nong, China)

more than \$20 million for 1980, about three times the figure for 1979. That showed that the developing countries had the desire and ability to execute directly some projects; it also proved that the "new dimensions" were in accord with the trend in developing technical co-operation. He agreed with the Administrator's proposal that some new approaches should be taken in order to revise existing policies and procedures. UNDP should accord priority support to the projects implemented by Governments and, in addition to the country IPFs, should provide appropriate administrative support costs. UNDP field offices should co-operate with and assist the recipient Governments in the execution of such projects. In order to enhance the executing capability of the Governments, UNDP and the executing agencies should help finance the training of staff from the recipient countries to acquaint them with work in that field. Those proposals were in keeping with the spirit of the "new dimensions", the realization of which would help to promote the self-reliance of the developing countries.

73. Although China had been receiving UNDP assistance for only a short time, it had already found that there was much need for UNDP to simplify certain policies and procedures. It shared the views expressed in paragraph 24 of document DP/558 under the chapeau "an analysis of the current project cycle has revealed a number of short-comings". Apart from the complex procedures, other factors contributed to the slow execution of projects, such as inadequate understanding of the priority nature of projects for which assistance was requested by Governments and occasional failure to carry out project activities, including equipment procurement. Since it was difficult for the Governments of recipient countries to understand how the financial management of a project functioned, they should participate in the monitoring of financial matters relating to specific projects, and should receive, on a regular basis, detailed financial reports from the executing agencies. An important guarantee for success in the conduct of multilateral technical co-operation activities was that UNDP and the executing agencies should attach more importance to the revision of relevant policies and procedures with the aim of introducing standardization, simplification and rationalization.

74. As far as the employment of internationally recruited project staff was concerned, UNDP and the executing agencies should try their best to meet the needs of the recipient countries: the curricula vitae of expert candidates provided for the recipient countries' consideration should be as detailed as possible, so that the Governments of the recipient countries could select the more suitable and qualified experts and consultants. The recipient countries, for their part, should provide the necessary facilities and help to the experts and consultants. UNDP and other bodies of the United Nations development system should adopt vigorous measures to create more access to and more facilities for studies and training, so as to develop the capability of the qualified staff in the developing countries and enhance their role in the social and economic development of their respective countries.

75. In its concern to make UNDP assistance more effective, the Chinese delegation hoped that UNDP and the other organs within the United Nations development system would lend a more attentive ear to the views of Governments, particularly those of the recipient countries, in order better to serve assistance needs.

(Mr. Chen Xing-nong, China)

76. The Administrator's report on the preparation of the third programming cycle was most interesting and the approach of continuing programming would help the Government and UNDP in exercising timely control over implementation and would facilitate readjustments of assistance projects by Governments when necessary. He supported the Administrator's proposal that the time-frame of the country programme should be made more flexible and that the relevant documents should be simplified. Starting in 1981, the Chinese Ministry for Economic Relations with Foreign Countries, which was in charge of official co-ordination in multilateral development assistance, had held discussions with various competent operational departments and was beginning to prepare the third cycle programme according to the order of priority, importance and urgency in development established for China's national economic readjustment process and the major development areas of each department. It being the first time that China had prepared a country programme, the Government lacked experience in that field and hoped to co-operate closely with UNDP and its office in China.

77. China believed in the principle of relying on its own effort, while making external assistance subsidiary. It would continue to engage in international economic and technical co-operation and promote technical exchange with other developing countries. It would abide by its bounden internationalist duty and provide economic and technical assistance within its capability to other developing countries, so as to make its due contribution to the establishment of the new international economic order. In 1980, in a joint effort with UNDP and other agencies, 24 projects involving seminars, training courses and the like had been held in China with the participation of more than 350 professional personnel from developing countries. China would continue to work for the success of those activities so as to contribute further to the promotion and strengthening of TCDC in the Asia-Pacific and other regions.

78. The Chinese Government attached great importance to its co-operation with UNDP and other organizations in the United Nations development system. The implementation of projects carried out in co-operation with that system had proceeded smoothly. In the two years since its establishment, the operations of the UNDP field office in China had developed fast. Because of the good co-ordination which it maintained with the Chinese Government, it played the role of a bridge in China's joint undertakings. China was basically satisfied with its technical co-operation relations with the United Nations system and hoped that those relations would be developed even further.

The meeting rose at 12.55 p.m.