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SUMMARY RECORD OF THE 711TH MEETING

Held at Headquarters, New York,
on Wednesday, 10 June 1981, at 3.30 p.m.

President: Mr. ABDULAH (Trinidad and Tobago)

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The meeting was called to order at 3.30 p.m.

PROGRAMME OF IMPLEMENTATION (continued)

PROGRAMME PLANNING AND PREPARATION FOR THE THIRD PROGRAMMING CYCLE, 1982-1986
(continued)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS (continued)

OTHER MATTERS (continued)

(c) FURTHER CONSIDERATION OF THE ORGANIZATION OF THE SESSIONS OF THE COUNCIL
(continued)

1. Dr. KILGOURE (World Health Organization) said that the General Assembly, in resolution 34/58, had expressed the belief that health was an integral part of development; the World Health Assembly believed that a state of health allowing all people to live socially and economically productive lives was attainable by the end of the century. The World Health Assembly had adopted a strategy to achieve that objective, which it would present to the Economic and Social Council and the General Assembly later in the year. An action plan was currently in preparation, and the member States of WHO were already producing their national plans.
2. WHO was very appreciative of the support given to health development by the international community, and it particularly valued the support, understanding and collaboration it received from UNDP in connexion with programme and project development, multisectoral development, intercountry activities and major global programmes.
3. All such activities required resources, and WHO was taking a new look to see whether all possible resources were being tapped. It had also begun to pay more attention to where funds transferred from north to south actually went, trying to avoid gaps and duplication while ensuring that development priorities as agreed by the World Health Assembly were really followed in the application of international aid. It was aware of the need to join in support of Governments in a broad collective strategy for development, especially at country levels, making the fullest use of government execution. Teamwork was required to make the most of the multiplier effects possible in the proper use of development resources. WHO was ready to play a still greater part in such work on the lines of its well-tested partnership with UNDP, relating multilateral resources much more closely, in policy and application, to bilateral flows, so that the two acted convergently to realize the development objectives which WHO and UNDP had in common.
4. Mr. LINDORES (Canada) said that, in the 11 years since the adoption of the Consensus, a difficult world economic situation had restricted the industrialized countries' capacity to finance development assistance, while the developing countries, despite the progress many had made, faced a sobering reassessment of priorities. Within the United Nations development system, inflation and currency fluctuations had added to the uncertainty of programme planning and raised

(Mr. Lindores, Canada)

administrative costs at the expense of programme delivery. The proliferation of special funds for technical assistance, and the independent technical assistance activities of the specialized agencies, had eroded UNDP's role as the paramount agency for technical assistance and frustrated the objectives of Governments as embodied in the Consensus.

5. The disappointing picture of resources for the third programming cycle must be viewed with patience. Despite occasional downturns, UNDP had a remarkable history of sustained growth and creative programming. During the negotiations on decision 80/30 most donor countries had repeated that a target of 14 per cent resource growth was not likely to be attained in current economic circumstances and under the current policies of their Governments. Any institution dependent on pledges from a variety of donor countries, moreover, must learn to live with exchange rate fluctuations where gains and losses tended to be balanced in the long run. When major spending reductions were being imposed on the fiscal plans of most Governments, a growth rate of 8 per cent could in fact be interpreted as a continuing vote of confidence in UNDP.

6. Some of the assumptions upon which the 14 per cent target depended had not materialized: a relatively minor role was still being played by countries in a dramatically improved economic situation; little progress had been made on the question of non-convertible currencies, which rendered largely unusable the already feeble efforts of Eastern bloc countries; and even the greatly reduced expectations about the role of governmental cash counterpart contributions had not proved sustainable. A number of industrialized countries could clearly do more, but it was regrettable that, in the introductory statements made at the current session, the appeal to re-establish UNDP's momentum had concentrated almost exclusively on the limited group of donors who had traditionally borne the great bulk of UNDP's financial burden.

7. Efforts could and should be made to take advantage of a period of slower growth by improving programme quality significantly. Developing countries would have to play the key role in that process, for it was increasingly apparent that some of their policies, particularly in agriculture, effectively precluded the attainment of the objectives set by many projects funded by UNDP and other programmes.

8. Despite the stringent over-all financial policies of the Canadian Government, official Canadian development assistance would continue to grow in real terms, but the food aid programme would absorb an increasing percentage of the country's total ODA resources. Moreover, resources to alleviate refugee situations, while essential in humanitarian terms, had little long-term developmental impact.

9. Canada's first obligation would be to the general resources of UNDP. It believed there must be co-operation, not competition, between the specialized agencies and UNDP. Canada would not entertain any requests to direct additional technical co-operation funds to other agencies through either voluntary or assessed channels. The interests of developing countries and the United Nations development system were best served by a strong central funding organization, and Canada would continue to work towards that goal.

(Mr. Lindores, Canada)

10. He did not oppose the Administrator's proposal regarding special funds, but continued to believe that the establishment of new special purpose funds should be resisted: many of the funds already in existence should evidently not have been established in the first place, for they had not attracted the broad base of financial support necessary to ensure their viability.
11. On the subject of planning his Government believed that, as the demands on limited development assistance funds continued to grow, a more realistic and constructive partnership must emerge within the confines of an evolving consensus, in order to ensure continued financial support and make certain that programme directions and priorities were developed in a manner acceptable to recipient and donor countries alike. Financial planning must be based on realistic and achievable programme levels, and Canada was willing to explore proposals for the introduction of a multiyear pledging and financial planning system, although such a system would clearly entail a negotiating process radically different from that traditionally employed by the Council.
12. Over the past 10 years the Council had continually relaxed its requirements for programme approval. The limited attention devoted to the substance of programming, and the increasingly general nature of the documentation provided, tended to dilute the identification of funding countries with operations in the field, and did not contribute to the effort to mobilize resources for UNDP.
13. He was perplexed by the Administrator's proposal to alter the traditional pattern of project implementation. If 80 per cent of IPFs were to be allocated to the most needy countries, the United Nations development system would presumably have to play an increased role in the management of the implementation process. There were already provisions to allow countries which were able to execute their own projects to do so. Any financial savings for the programme as a whole which the proposed changes were supposed to bring would, he considered, prove illusory. Moreover, he was far from convinced that the control mechanisms existed which would allow UNDP to institute in good conscience the fundamentally revised project execution system proposed by the Administrator.
14. The continuing progress in evaluation activities had been encouraging, but much of UNDP's work was not subject to evaluation of a kind yielding information useful for decision-making purposes. Continued efforts must be made in that direction.
15. During the session, his delegation intended to propose that more effective use should be made, throughout the year, of the Budgetary and Finance Committee. While the Governing Council would retain responsibility for broad policy guidance and budget approval, more routine executive powers might be delegated to the Budgetary and Finance Committee, whose more regular meetings could be offset by shortened annual sessions of the Council. He would welcome comments from other delegations in that regard.
16. If Canada was to expand its efforts as a donor, it must have the co-operation of its partner countries and the various secretariats involved to ensure higher levels of accountability. Human resources development, agricultural production and

(Mr. Lindores, Canada)

energy would be three main themes in Canadian involvement in development assistance during the 1980s. UNDP would remain Canada's primary multilateral channel for technical assistance: it must respond efficiently to the needs of developing countries through a country programming system that reflected their priorities for development, while remaining accountable to the people of all participating countries through the development and maintenance of an appropriate structure for governance, programming and administration. Through its central funding role and the services it provided to agencies at the country level, it should contribute to co-operation and co-ordination in technical co-operation activities within the United Nations system as a whole. Without the co-operation of both Governments and agencies, however, its best efforts would achieve little.

17. Mr. ALVAREZ (Mexico) said that the Administrator's report had painted a sombre picture of the state of the technical co-operation system; the Programme was currently faced with shortfalls and limitations imposed on it by the blind selfishness of those who continued to fail in their duties towards the international community. His delegation was seriously concerned at what it saw as part of a pattern of failures which had marked other negotiations and forums. Disturbed likewise by the dramatic international political situation, his country was frantically seeking machinery and formulas by which to open up new avenues for friendly and respectful co-operation among all nations. One of its basic worries was that the financial resources devoted to multinational agencies which provided technical co-operation services for developing countries continued to diminish alarmingly, thereby drastically reducing technical co-operation inputs to the poorest and most needy parts of the world.

18. The failure to reach the target of 14 per cent annual growth of UNDP resources reflected the lack of political will on the part of certain countries. By not coming to the aid of the weakest, they were harming the whole international community, because no nation, however powerful, was self-sufficient; what happened in one country or region affected all nations. The situation was not only an unmistakable sign of the conflict prevailing in the world economy, but also of a more deep-rooted problem. In short, some of the wealthiest and most influential States had decided not to increase, or in some cases, even to reduce, their contributions to international technical co-operation activities, thereby hoping to solve their own financial problems. In fact, as the Administrator had rightly pointed out, jeopardizing the capacity of the developing countries to participate in the world economy would have adverse repercussions on the economies of the industrialized countries.

19. His delegation firmly rejected any idea of technical assistance as the paternalistic imparting of knowledge or the imposition of models which did not fit the peculiarities of each country, and reiterated its belief that the scope, dimension and modalities of such co-operation must be defined by the recipient countries. In its opinion, any attempt by some countries to return to the outdated concept of "bilateral aid", in which the "lender" fixed the terms, should be unanimously condemned by the Council.

(Mr. Alvarez, Mexico)

20. His delegation fully supported the statement made by the spokesman of the Group of 77; it was willing to make a special effort to continue supporting the Programme and wished to confirm its commitment to increase its voluntary contribution by 14 per cent annually. In doing so, despite its enormous balance-of-payments difficulties, it was following the inspiring example of the Latin American region, which was characterized by the steady upward trend of financial support it gave to UNDP. He urged all countries to express such a vote of confidence in the Programme at the next pledging conference.

21. Referring to some of the comments made by previous speakers, he said that his delegation agreed that no new special funds should be established and that existing funds should be carefully administered by UNDP. It firmly supported the work of the United Nations Fund for Population Activities, which had made a significant contribution to population policy in his country, and believed that special efforts should also be made with respect to the Interim Fund for Science and Technology for Development, and activities aimed at creating the accurate statistical data base essential to development. His delegation shared the concern expressed by several delegations about administrative costs, but had confidence in the Administrator's undertaking to exercise restraint. Finally, it believed that the consensus expressed in decision 80/30 was so crucial that any reopening of the discussion on the terms and conditions was impossible.

22. Mr. NAJMAN (United Nations Educational, Scientific and Cultural Organization) said that the resource situation for the third programming cycle was a key issue, not only for UNDP and the United Nations development system as a whole, but for the economic and social progress of the developing countries. The data provided by the Administrator was impressive, but it would have been helpful to have a clearer picture of the present needs of the developing countries and of the consequences they would face if UNDP resources were drastically reduced. Obviously, the objectives of a UNDP country programme could not be achieved if there was a significant reduction of resources and, even more disturbing, because of the catalytic and multiplier effect of such a programme, the negative impact on development would in fact be much greater than the mere reduction of 20 to 30 per cent in UNDP input.

23. In that critical situation a more imaginative approach was required to generate few resources from non-traditional sources. Given the crying needs of the developing countries and the serious economic constraints in many developed countries, it was not possible to rely only on traditional donors and conventional approaches. The challenge, therefore, was to continue to elicit the support of those donors while at the same time exploring other ways of generating resources. A model existed in operative paragraphs 5 and 6 of General Assembly resolution 34/218 IV C, concerning the United Nations Financing System for Science and Technology for Development. If efforts were undertaken in that direction with respect to UNDP, he was sure that they would have the whole-hearted support of all participating and executing agencies. He could most certainly commit UNESCO to supporting the effort to combine and complement the Programme's limited resources with those of private enterprise, non-governmental organizations, bilateral and other multilateral funding. The Administrator should take steps to identify such

(Mr. Najman, UNESCO)

sources and to try to demonstrate to them the crucial impact which their active involvement would have on the developing world. If that proved successful, in the space of two or three years, for instance, the third programming cycle could become a first step in genuine co-ordination of a world-wide effort to launch a new economic order which would visibly demonstrate co-operation and peace among all nations of the world.

24. With respect to the issue of the rising cost of the Programme's field establishment, raised in document DP/517, he had no doubt that the extensive network, in its present form, fulfilled a great many essential needs. Taking a positive approach, he hoped that the size of the Programme would justify, and fully occupy, the current establishment.

25. Commenting on the distribution of resources, he said that the unfortunate reality was that capital assistance had increased some fivefold between 1970 and 1980, whereas technical assistance had only doubled over the same period. Such a trend would lead to a situation in which the lack of skilled human resources was bound to jeopardize the attainment of self-reliance. The success of the Programme produced a need for greater human resources and technical and managerial training which was not being met. The fact that more and more resources were being devoted to humanitarian aid gave additional cause for concern. While no one would deny the validity of such an approach, it had to be recognized that the funds for such programmes were not additional contributions, but were inevitably drawn off from the precious supply of development resources.

26. The Administrator had called for a partnership of conviction; that would be the guiding factor in UNESCO's co-operation with UNDP.

27. Mr. de MEREDIEU (Food and Agriculture Organization of the United Nations) regretted that he could not but confirm what the Administrator had already said about the critical agricultural and food situation of numerous developing countries. When FAO had predicted a third-world cereal shortfall of over 85 million metric tons for the 1980s, it had been accused of dramatizing the situation. However, in 1981 the shortfall would already have reached 98 million tons, while international food aid was still falling short of the agreed targets. Despite spectacular progress in some countries, particularly in South Asia, and the prospect of a good harvest in many parts of the world in 1981, the over-all situation remained difficult, and in some areas, such as Africa, where the shortfall had reached 23 million tons, it was quite frankly critical.

28. While FAO had always stressed that food aid, food security and increased production could and should go hand in hand, it was quite clear that a long-term solution was inconceivable without a massive increase in food crop production in the third world. It was, of course, for the Governments concerned to determine the priorities of their development programme, but it was only natural to look for some reflexion in United Nations development activities of the fundamental importance of the food problem. The majority of major technical and financial co-operation institutions, were devoting some 30 to 40 per cent or more of their resources to the agricultural sector and he could not help wondering whether it was proper for UNDP to be among the few programmes falling below the 25 to 30 per cent level.

(Mr. de Meredieu, FAO)

In 1980, FAO had executed UNDP-financed projects for a total of \$167 million. Unfortunately, in real terms, that represented only 83 per cent of the level achieved in 1975.

29. He stressed that his organization attached particular importance to the proper implementation of the "new dimensions" and to the promotion of technical co-operation among developing countries. With respect to evaluation, it had been happy to undertake the study on agricultural training, and \$50,000 had already been allocated for the study on national agricultural research centres.

30. Referring to the statements made at the 709th meeting by the Assistant Administrator on UNDP/FAO co-operation in pre-investment studies, he said that in fact, three, not two, loans had been granted, and the eight studies undertaken, which had cost only \$165,000, should lead to the mobilization of \$265 million, i.e. a multiplier of 1,600. However, he was sorry to have to confirm that, as a result of the decision taken by the Governing Council at its twenty-sixth session, the number of operations had dropped by more than two thirds, despite their low unit cost to UNDP. He hoped that it would be possible to find a solution along the lines suggested by the Assistant Administrator.

31. However, the most serious problem facing the Governing Council was that of resource mobilization for the third programming cycle; the comments of the Director-General of FAO in that regard were contained in document DP/GC/XXVIII.CRP.1 and were based on the paper submitted by the Administrator to the inter-agency meeting held on 15 April 1981 (DP/517/Add.1). The question of a 12 per cent reduction in real terms was a matter of concern and it was only natural that the Director-General of the principal executing agency of UNDP should have been moved to sound a note of warning. On the Director-General's behalf, he reiterated the urgent appeal to all countries able to do so to increase their voluntary contributions to the various United Nations assistance programmes, and in particular to UNDP, which must continue to play a fundamental role. Any reduction of its resources below the target set by the Governing Council in June 1980 could have catastrophic consequences for the desperate efforts of the developing countries to achieve food self-sufficiency. The Director-General was also concerned that, if efforts to increase contributions proved fruitless, everything possible should be done to minimize the impact on the developing countries, inter alia, by further increasing the efficiency of the system. He had therefore stressed the need to eliminate all duplication, and to spread the savings as equitably as possible among all partners in the system. Finally, lest the very basis of the UNDP programming system be jeopardized, he hoped that the financial means necessary for its success would finally be marshalled, namely a predictable, stable resource base, with a reasonable growth rate. A comparison between addendum 1 to document DP/517 on the one hand, and the document itself and addendum 2 on the other, showed that there had been a substantial change in thinking; the Administrator had courageously and realistically taken account of many of the arguments put to him by countries and by his fellow executive heads.

32. Finally, he assured the Council that FAO would always be ready to co-operate with UNDP in the true spirit of partnership.

33. Mr. AHMAD (Pakistan) said that his delegation fully shared the profound concern expressed by the Administrator over the bleak prospect of securing resources for the third programming cycle. That prospect was all the more disturbing in the light of the near stagnation in contributions to UNDP over the past two years: as the Administrator had observed, the rate of growth of voluntary contributions had fallen to less than 4 per cent in 1980 and 1981.

34. That reduction in the rate of increase in contributions to UNDP had followed the consensus reached at the twenty-seventh session of the Governing Council on preparations for the third programming cycle covering the period 1982-1986. The basic assumption underlying the Council's planning for the 1980s had been that UNDP should remain the key instrument and continue to play the essential funding role in technical co-operation within the United Nations system. It had been universally recognized, not least in the International Development Strategy for the Third United Nations Development Decade, that its catalytic role was of critical importance in fostering self-reliance and in accelerating the development of developing countries.

35. The fulfilment of that role by UNDP in 1980s could only be ensured through renewed emphasis on technical co-operation and a significant increase in the resources provided for that purpose. That had been the fundamental assumption underlying decision 80/30, by which the Council had emphasized the need for growth in real terms of the Programme's resources. Currently, however, that assumption was threatened. The disappointing performance of major donor countries had resulted in the shrinking of the resource base on which projections for the third programming cycle would be based. There was a grim choice between stagnation and a decline in real terms in UNDP programmes.

36. His delegation recognized the difficulties and uncertainties prevailing in the industrial world, and understood the budgetary constraints and the claims and pressures on resources. Nevertheless, the cause of development could not be abandoned. The alternative was inconceivable: the steady erosion of development co-operation could only lead to chaos in many parts of the world.

37. The case for maintaining the momentum of the international development effort was not, however, based merely on such a doomsday scenario. It had been demonstrated clearly that, with growing independence, the continued prosperity and economic well-being of even the most powerful industrial nations had come to depend on the steady expansion of the world economy as a whole and of the developing countries in particular. Interdependence was not longer a short-term, cyclical or one-sided phenomenon. It was as much in the interest of the developed as of the developing nations to ensure stable, long-term economic growth in the 120 or so countries containing more than two thirds of the world's population. It was therefore essential for all Governments to ponder the implications of the climate of pessimism that would be generated if the international community accepted a 20 per cent or even 31 per cent reduction in UNDP's programmes.

38. Primary responsibility for development lay with the developing countries themselves. It was therefore not surprising that 60 per cent of UNDP's programmes expenditure had been met by developing countries. If the vast majority of developing countries, which faced tremendous pressures on their extremely scarce resources, could significantly increase their contributions to UNDP, then the major

(Mr. Ahmad, Pakistan)

industrial nations, with their basic economic strength and affluence intact, could honour their commitment to a 14 per cent rate of growth in their voluntary contributions. The contributions expected from the large industrial donors, whether as a proportion of gross national product or of their national budgets or in per capita terms, were of such microscopic significance that it should not be impossible to ensure their continuing growth. Governments should find the political will to fulfill their international responsibilities.

39. The assumption of a 14 per cent annual rate of growth in programme resources should be maintained, at least for the first year of the next programme cycle. There was still time for Governments to re-examine the situation before the next pledging conference. Meanwhile, UNDP should continue to adopt a cautious attitude in its management policies with a view to averting any danger of a financial crisis.

40. It was important to ensure that UNDP continued to play a central funding role in the technical assistance activities of the United Nations system. UNDP had earned the confidence of donor and recipient countries alike as an effective instrument for technical co-operation. Yet caution should be exercised in advocating too centralized an approach to financing United Nations development activities. The grouping of all resources under a single body might create the illusion of progress with regard to the key issue of additionality without actually increasing the amount of technical assistance to developing countries. In addition, a number of organizations and agencies within the United Nations system had highly specialized functions which required autonomous sources of financing. Financing arrangements should thus be determined on a case-by-case basis.

41. His delegation supported the trend towards co-financing and cost-sharing by developing countries for their own programmes, as well as the third party cost-sharing administered by UNDP. Such arrangements should be expanded.

42. Also of importance was the question of government execution as the preferred approach to the implementation of UNDP-supported projects. It had acquired particular significance in view of the new emphasis on low-income developing countries. It was also important to make use of national personnel and local procurement, particularly where appropriate expertise and industrial capacity existed. Greater standardization of financial and development procedures within the United Nations system should be pursued, since that could facilitate the recruitment of national experts, local procurement and, ultimately, government execution of projects.

43. The traditional distinctions between pre-investment, investment, execution and follow-up of development projects tended to be artificial and rigid. Development should be viewed as a continuum and its various phases conceived and carried out within an integrated framework. There was a need to extend the scope of UNDP-supported projects to encompass as wide a range of development activities as possible.

(Mr. Ahmad, Pakistan)

44. His delegation welcomed the increase of 20 per cent in programme expenditure during 1980. It was to be hoped that continued expansion in project commitments could be restored. The growth in the value of equipment in total programme costs was welcome and should be encouraged, as it represented an effective vehicle for the transfer of technology to developing countries. The efforts of the Administrator to reduce administrative and programme support costs were commendable. In recent years UNDP had been able to administer a much larger programme without any significant increase in its administrative personnel. However, the Administrator's assumption that administrative and programme support costs would remain constant even if IPFs were significantly reduced in the forthcoming programming cycle was somewhat perplexing. Given the scarcity of resources, programmes should be maintained as far as possible and greater efforts made to reduce administrative and programme support costs.

45. Mr. SAINTRAINT (Belgium) said that UNDP, which was engaged in development activities throughout the world, enjoyed the confidence of all. It was supported solely by voluntary contributions, and its disappearance would profoundly affect the international community, specially the least developed countries.

46. The objective of a 14 per cent annual increase in resources for the third programming cycle was in jeopardy. That objective was perhaps too optimistic, in that it required a major effort not only by traditional donors but by new contributors as well.

47. The current economic crisis and inflation had had a serious effect on national budgets in every sector. Belgium possessed the sorry distinction of having the highest rate of unemployment in the European Economic Community. It was with some difficulty that the Belgian Government had avoided any cuts in its contributions to UNDP. His Government would continue to support UNDP, but would take due account of the attitude adopted by other contributors, such as the Gulf Arab Development Foundation.

48. Given the limitations on the rate of increase in resources, aggravated by world inflation, all possible savings should be made. In addition, recipient countries should make a greater contribution to UNDP, in proportion to their capacity. Administrative costs should be kept to the minimum, and there should be a zero rate of growth of the budget in real terms. The continuing problem of non-convertible currencies should be solved.

49. The role of the specialized agencies was extremely important. Those agencies and UNDP should co-operate to the full in order to achieve greater cost effectiveness for the benefit of the developing countries.

50. His delegation had consistently expressed the view that the excessive number of funds established should be placed under the control of the Administrator of UNDP to ensure more rational use of resources and more effective co-ordination.

51. The greater range of duties entrusted to resident representatives reflected the Governing Council's desire for rationalization. A solution to UNDP's financial difficulties might lie in greater contributions by recipient countries to the costs of UNDP field offices.

(Mr. Saintraint, Belgium)

52. Indicative planning figures were, indeed, indicative. They supposed that the objective on which they were based had been achieved. It was only possible to determine whether that was so at the end of the cycle. Although there was little reason to hope that the current world situation would change in the near future, it would be premature and rash to amend IPFs at the present stage. Nevertheless, steps should be taken to avoid disruptions in the implementation of projects. The Administrator should be requested to establish with Governments, a modified programme, of which 20 to 25 per cent would be held in reserve. In allocating resources, the Administrator should take account of the different rates of implementation of programmes, so as not to penalize, within the limits of the IPFs, those programmes which were proceeding smoothly.

53. UNDP should be flexible in helping countries to find sources of finance to assist in the implementation of programmes. Closer co-ordination with bilateral programmes would be useful in that regard. It would be important in the forthcoming negotiations on replenishing the International Development Association and increasing the capital of the World Bank to ensure that UNDP was not overlooked. National budgets were coming under increasing strain, and not all needs could be met.

The meeting rose at 5.20 p.m.