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SUMMARY RECORD OF THE 712th MEETING

Held at Headquarters, New York,
on Thursday, 11 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)

OTHER MATTERS (continued)

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

1. Mr. WEERAKOON (Sri Lanka) said that the discussion in the Governing Council centred on efforts to strengthen the self-reliance of the developing countries and to bring about the new international economic order based on principles of justice and equity. For Sri Lanka, UNDP had been the centre-piece for all technical co-operation activities within the United Nations system. In practically every developing country, there was a critical need for technical, administrative and managerial training. His delegation fully agreed with the Administrator that the link between technical co-operation and the development of the human infrastructure was vital in enhancing capital investments and a country's own development inputs. Technical co-operation made an essential contribution to the efforts of developing countries to achieve self-reliance, by facilitating and supporting investment, research, training and development.

2. UNDP resources must be sufficient to protect the recipient developing countries from having to scale down their UNDP-financed programmes of technical co-operation. It would be most unfortunate if contributions should reach only \$5.148 billion, roughly 24 per cent below the \$6.7 billion target. In addition to inflation, currency fluctuations and rising energy costs, the developing countries were already confronted with the prospect of an erosion of the development resources that had been expected from a variety of sources. If they also had to contend with a reduction in resources from UNDP, that would be a most harmful experience. In Sri Lanka, as in most developing countries, the projects presented for UNDP financing constituted only a small fraction of those submitted by the various ministries. A very large number of valid and well-planned proposals had to be discarded or deferred. A further reduction in UNDP resources would complicate that already difficult selection process.

3. Many developing countries, including Sri Lanka, found it difficult to mobilize the necessary domestic funding to support sorely-needed external aid, and were obliged to impose serious restrictions on their development activities. In that connexion, however, Sri Lanka was most appreciative of the progressive and flexible approach that UNDP was now taking towards local cost financing.

(Mr. Weerakoon, Sri Lanka)

4. With respect to government execution and management, dealt with in document DP/558, there was a just and welcome recognition of the fact that, in the process of assuming the task of execution, Governments did incur a variety of administrative and related costs. Notwithstanding the extremely valuable technical and logistical support which the specialized agencies could provide, there were many instances where government execution had proved to be a most cost-effective, valid and simple method. In view of the difficulty of meeting the additional local administrative costs resulting from government execution, his delegation appreciated the innovative proposal for the reimbursement of administrative costs to Governments and strongly endorsed paragraph 1 (b) of the draft decision in paragraph 55 of document DP/558. Since government execution also involved an additional direct workload for the UNDP office, attention should be given to providing, on a timely basis, adequate staff and related resources for UNDP offices.

5. His delegation had read with pleasure the part of document DP/558 concerning the possibility of reinforcing the development effort by the use of qualified nationals. In the past, qualified nationals had been associated with UNDP projects only if they had been on the government pay-roll, receiving wages usually so low as to cause them to seek employment in the private sector in their own countries or to emigrate to more affluent countries. The valuable and timely arrangement proposed in document DP/558 would help to secure service on UNDP projects in their home countries for the many specialists from developing countries. That would enhance self-reliance and the quality of UNDP assistance itself.

6. The participants in the Intergovernmental Meeting of Development Assistance Co-ordinators of Asia and the Pacific had discussed critically important issues surrounding the relationships between government aid co-ordinating authorities and the field offices; they had exchanged extremely valuable information and experiences. His delegation recommended that the Council should approve the diverse and well-balanced package of multicountry projects endorsed by the Intergovernmental Meeting.

7. His delegation wished to comment on two specific elements of document DP/523. The first was the proposed modalities for programme implementation, which a number of new approaches had been suggested to improve the efficiency and enhance the relevance and validity of the intercountry programme for Asia and the Pacific and to bring the programme closer to the actual wishes of the participating Governments. The Governing Council should endorse those improved modalities. The second element was the question of financial parameters of the five-year programme. As indicated in annex I to document DP/523, of the total programmable resources of \$226 million, a sum of approximately \$140 million was to be invested in the 160 new and ongoing projects, some \$85 million being reserved for new proposals that might emerge before the end of the cycle in 1986 and for possible adjustments. His delegation noted that a mid-term review was planned for 1983, at which time programme recommendations for the remaining \$85 million would be forthcoming. That financial scheduling not only was prudent, but also allowed the regional programme to be flexible enough to respond to new priorities that would emerge. The reserve was also essential to meet the needs of emerging regional groupings, such as the South Asia Group.

(Mr. Weerakoon, Sri Lanka)

8. The resident co-ordinator, appointed to integrate and harmonize UNDP assistance, could be effective only if agencies gave him their fullest co-operation. Sri Lanka hoped that they would do so. Sri Lanka also echoed the sentiments of the representative of the Philippines concerning the need to increase progressively the percentage of UNDP administrative costs for the Asian region. The IPFs for the region had increased; that increase, together with more government execution of projects by all developing countries in the region, would place a very heavy burden on the manpower resources of the UNDP field offices.

9. Mr. HAAKONSEN (Denmark) noted that the important decision 80/30 constituted the basis for the Council's work until 1986. Consensus had been reached on the need for a considerable increase in the UNDP resources allocated to low-income countries. His Government very much appreciated the forthcoming attitude shown by the middle-income developing countries in the adoption of the decision.

10. Essential to the successful implementation of the third cycle was the availability of sufficient resources on a predictable basis. The same four countries which had reached the 0.7 per cent target for official development assistance had, throughout the existence of UNDP, contributed between 30 and 40 per cent of the total resources. Unfortunately that example had not yet led to larger contributions from some of the major countries. He sincerely hoped that, in response to the Administrator's appeal, there would be a significant increase in contributions from countries which had so far contributed small amounts in relation to their aid-giving capacity. His delegation fully agreed with the representative of Venezuela that the implementation of decision 80/30 would be a test of the seriousness with which the new International Development Strategy was put into effect.

11. In connexion with the resource situation, there was a need to ensure the maximum output for the programmes in recipient countries. His delegation was disappointed that General Assembly resolution 35/81 was not worded more precisely. It hoped, however, that the resolution would make for a more efficient United Nations system. With regard to procurement guidelines, it strongly supported the Administrator's efforts to obtain as much uniformity as possible where UNDP funds were involved.

12. The diminishing proportion of United Nations assistance channelled through UNDP gave cause for concern. Operational assistance from the United Nations, excluding the World Bank group, channelled through UNDP had declined from about one half of the total operational activities at the beginning of the 1970s to one quarter at the present time. That weakening of the central United Nations aid-providing organ was leading to decreased over-all administrative efficiency, more overlapping and less coherence in the development efforts of the United Nations system. His Government agreed with the Administrator that a single, general-purpose funding mechanism for multilateral technical co-operation would be in the best interest of both developing and donor countries. It was highly unlikely that the establishment of special funds had led to any significant additional aid resources. His Government therefore agreed with the Administrator

(Mr. Haakonsen, Denmark)

that special funds and programmes should, as far as possible, come under the umbrella of the UNDP Administrator. That would improve the prospects for greater coherence in and better co-ordination of United Nations assistance. Denmark welcomed the Administrator's proposal that consideration should be given to formally recognizing UNDP as an efficient administrative umbrella for the effective use of resources committed to global special funds for economic and social development. It was, however, important that the umbrella to be provided by the Administrator should not be just a formality preserving the status quo. There should be the greatest possible integration of the administration of the various activities of the United Nations system at the headquarters level and at the country level, with the Governing Council having over-all responsibility. The institutional arrangements for the Special Measures Fund for Least Developed Countries seemed to be a good model.

13. In general, Denmark felt that assistance from the United Nations system should be viewed as a whole. It deplored the tendency on the part of some executing agencies to establish their own local representation. That increased total administrative costs and reinforced interagency rivalries to the detriment of the efficiency of the over-all aid effort. It also created a bad impression in donor countries and adversely affected public opinion, thus contributing to the difficulties in increasing aid appropriations.

14. It was hoped that the use of resident co-ordinators would counteract the tendency towards fragmentation of United Nations assistance. In view of the unique character of such assistance, the resident co-ordinator should be well placed to assist the recipients in co-ordinating United Nations and other inputs, wherever and whenever the country concerned wanted him to do so.

15. For the 1980s, Denmark hoped for greater coherence in the assistance provided by the United Nations system. It hoped that UNDP would continue to evolve in a dynamic way so that its resources were put to the most efficient use. It hoped too that there would be a continued trend towards concentration of UNDP activities on poorer countries and poorer population strata. A salient feature should be greater emphasis on activities oriented towards self-reliance. Government execution should play a greater part wherever appropriate.

16. The Administrator had raised the question whether it would be useful to raise or even remove the limit of allowable cost-sharing financing. That might be a way to mobilize resources within the context of the Programme. His Government was ready to reconsider its attitude towards cost sharing. It would be inclined to accept modifications of the rules regarding funds provided by the recipient Governments and by other developing countries. That might be a good way to promote technical co-operation among developing countries. Denmark was, however, hesitant with regard to cost sharing with net donor countries. It was very doubtful whether that would lead to additional aid resources. Such cost sharing might mean that contributions which otherwise would have been pledged to UNDP would be earmarked for cost-sharing projects. That could erode the country programming concept and

(Mr. Haakonsen, Denmark)

narrow the possibilities for recipients to choose according to their priorities. It would also leave the donors free to impose their priorities on the Programme with regard to distribution among recipient countries.

17. His Government attached special importance to assistance to the least developed countries during the third programming cycle. The importance of UNDP to those countries was sure to be a significant feature at the United Nations Conference on the Least Developed Countries. Denmark was looking forward to the proposals by the Secretary-General of UNCTAD on the question of the institutional follow-up to the Conference. It was convinced that together with other international institutions, notably those of the World Bank group, UNDP would have a crucial role to play in the follow-up. The experience and knowledge of the resident co-ordinators and the World Bank's long-standing record in organizing consultative groups and consortia were important factors to be borne in mind.

18. At its twenty-seventh session, the Governing Council had concentrated on the third programming cycle. At the current session, it should be able to concentrate on policy aspects of long-term importance. There remained, however, the square brackets in paragraph 16 of decision 80/30. The Council should deal with the question of contributions in non-convertible currencies in such a way that it did not take up too much of its time and solely on the basis of the desire to maximize the efficiency of the Programme in assisting the developing countries. The representative of Venezuela had rightly emphasized the importance of flexibility in the utilization of contributions.

19. Denmark was very impressed by the very high standard of documentation before the Council. The debate so far seemed to give some cause for optimism. Among the valuable comments already made was the suggestion by the representative of Canada regarding intersessional meetings of the Budgetary and Finance Committee. Denmark was prepared to give favourable consideration to that suggestion and felt that, in spite of the bleak resource situation, the Council would be able to make good progress.

20. Miss ANSTEE (Assistant Secretary-General for Technical Co-operation for Development) said that the Council's deliberations had a dual significance for the work of the Department of Technical Co-operation for Development: the Department was UNDP's second largest executing agency and the Council was the Department's governing body for technical co-operation activities.

21. At its twenty-seventh session, the Governing Council had agreed on the allocation of resources for the third programming cycle, after lengthy consideration of the estimation of those resources and their distribution. Yet over the last few months, the very foundations of that plan had seemed to crumble. The Department of Technical Co-operation for Development appealed to every Government to strive to achieve the level of growth in contributions on which the third cycle was predicated. The needs of the developing countries were so great that, in comparison, even the total level of resources agreed at the twenty-seventh session appeared modest. In 1980, the Department had delivered a programme of

(Miss Anstee)

technical co-operation 34 per cent higher than in 1979. Even allowing for inflation, that was a very considerable increase; but it had come nowhere near meeting the known demands for technical co-operation in the fields for which the Department was responsible. Requirements far outstripped the capacity of even the planned resources of the third cycle, currently in such grave jeopardy.

22. The major challenge remained one of mobilizing a greater flow of resources for development on a more predictable basis. A static or reduced flow of resources, with its implications for the economic and social well-being of all countries, including the developed countries, was unthinkable. The same political will which had enabled the General Assembly to adopt the third International Development Strategy would also make the necessary resources available. Uncertainty about future financing would adversely affect programme management, because the essential element of forward planning was vitiated.

23. Nevertheless, it was recognized that the United Nations development system must make a concerted effort to use available resources, whatever their level, as rationally and as efficiently as possible. The United Nations development system must ensure that the mechanisms for channelling such resources to developing countries took maximum advantage of the financial, technical and managerial capabilities existing within the system. All components of the system must pull together in that endeavour and, in the spirit of partnership, must carry out their particular responsibilities for the common objective of improving the effectiveness and efficiency of technical co-operation provided to developing countries.

24. Each partner in the United Nations development system had the obligation to use its capacities to the fullest possible extent and to fulfil its specific functions under the mandate given by the Governing Council and other legislative bodies. In the present situation of financial stringency, and in order to ensure optimal use of additional resources that might become available, it was vital that ongoing and emergent functions should be clearly delineated and strictly adhered to.

25. UNDP and UNFPA had a key role to play in the mobilization and management of funds for technical co-operation. The UNDP view that a concentration of funds would promote their more efficient administration should receive careful study. The Department's position was that the over-all objective was an increased flow of resources. Any administrative arrangements should be subservient to that goal and should provide for the most efficient and economic use of resources.

26. From the viewpoint of partnership, that meant that there must be a division of labour which drew to the fullest on the existing capacities and mandated functions throughout the United Nations development system. There the Department did see a distinction between the role of financing institutions and the role of those agencies responsible for the actual execution of technical co-operation projects. It was essential to ensure that the use of whatever funds were available did not entail costs which could be avoided and that there was no duplication of administrative structures, technical capabilities and expertise.

(Miss Anstee)

27. The Department fully understood the need of UNDP and UNFPA for adequate structures in order to programme, monitor and evaluate the management of their resources and to discharge their responsibility for the proper administration of funds entrusted to them. The Department was also deeply grateful for UNDP's extensive field network. For some 30 years, it had relied heavily on that universal network and had always asked the resident representatives to serve as its representatives in the field. It had done so not only because that was the most economical way of using scarce resources, but, even more importantly, because it believed that to be a vital element in the coherence of the United Nations development system at the field level. The Department agreed with the Administrator that that network of field offices provided an incalculable service both to the United Nations system and to the international community at large. To dismantle or cripple that effective universal apparatus, built up over three decades, not only was unthinkable, but would surely run counter to the objectives of the General Assembly in adopting resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system.

28. Conversely, the strength of other parts of the United Nations development system might be more fully harnessed in support of UNDP so as to ensure more effective use of its limited resources. The Department of Technical Co-operation for Development and other executing agencies had technical resources and managerial capabilities which could make a much greater contribution to the development process. The Department had technical and substantive expertise in areas directly related to fields covered by UNDP-administered funds, such as the United Nations Development Fund, the United Nations Sudano-Sahelian Office, the Interim Fund for Science and Technology for Development, the United Nations Revolving Fund for Natural Resources Exploration and the energy account. It could provide more technical support to all those funds that at present without prejudice to the substantive support of field projects for which it was executing agency. It was prepared to provide UNDP with those resources, for it was convinced that such a streamlining of activities would increase the availability of funds for actual technical co-operation in the developing countries by reducing duplication and administrative costs.

29. Two related issues were the need to observe clearly defined criteria for direct execution by UNDP of projects for which other agencies had the technical expertise, and the question of support costs. The Department had been making special efforts to use the funds which it received under that heading towards the improvement of its technical services, emphasizing cost-effectiveness, more effective substantive support and improved quality of technical co-operation. Those efforts would be successful only to the extent that the technical services provided were used to the full and not duplicated elsewhere.

30. Government management of projects was essential, and had been a cornerstone of the Programme from the outset. Increased Government execution of the international component of projects was likewise an essential step towards achieving self-reliance and self-sustained development, and was also necessary in order to ensure that the essential component of the programme - the provision of skills and

(Miss Anstee)

technologies not available locally - was preserved. The Department had made special efforts to introduce greater flexibility in its operations, to make greater use of the capacities of developing countries in procurement and training and to facilitate the increased recruitment of local human resources, including the use of expatriate nationals.

31. She endorsed the references in document DP/518 to the need for a continuing dialogue in the process of continuous programming and for maximum use of the agencies' accumulated experience in assisting Governments to formulate their country programmes and review them periodically. Unlike many other executing agencies, the Department did not possess any significant operational funds other than those provided by UNDP and UNFPA. It received very limited funds from the Regular Programme of Technical Co-operation and attempted at all times to extract maximum benefits from them by using them to supplement and complement the UNDP-financed programme. A case in point was the 20 missions in development planning which had been sent to requesting countries over the past 18 months in consultation with UNDP. Those missions were the Department's contribution towards the improvement of country programming in the broadest sense. The Department had also sent similar missions to a number of countries in collaboration with UNCTAD to assist Governments in preparing their presentations for the forthcoming United Nations Conference on Least Developed Countries.

32. Without adequate resources, many of the great enterprises and imaginative initiatives of the Council would be frustrated. That could not be allowed to happen, and she trusted that the Administrator's appeal would find an appropriate response. UNDP's multilateral nature had been unique from the very beginning. With the increased interdependence of the world today, that striving for universality must acquire new force.

33. Mr. PRADHAN (Observer for Bhutan) said that UNDP had become the principal United Nations organization for channelling financial and technical assistance, and its policies and objectives were in line with the development policies of the developing countries. However, the resources being channelled through UNDP still fell short of the needs of the developing countries, and other measures were required in order to attain the goals of the new international economic order and the International Development Strategy for the 1980s. The developing countries, and especially the least developed among them, had come to rely on UNDP for continuous and predictable financial and technical assistance. In the majority of the least developed countries, UNDP had begun to play a major role in socio-economic development. That role must be not only sustained but enhanced in order to help those countries attain decent standards of living. Restrictions on the flow of resources through UNDP to developing countries would very seriously jeopardize the process of economic and social development there.

34. The least developed countries faced the most acute problems. Their economies lacked basic infrastructures and were mainly based on subsistence agriculture. As a result, many of them had per capita incomes of less than \$150. Their ability to participate in international trade had been limited even in the primary commodity

(Mr. Pradhan, Observer for Bhutan)

sector, since their natural resources had yet to be commercially developed. Consequently, very few of them had been able to take advantage of the Generalized System of Tariff Preferences and balance-of-payments facilities available to developing countries.

35. In the past few years, the situation had become worse due to the spiralling rise in energy, capital and other costs. The value of whatever little foreign exchange those countries had been able to generate had been eroded due to inflationary trends in the international economy. According to UNCTAD surveys, several least developed countries had registered stagnant or negative growth rates. Despite that situation, many of them did possess the means, such as natural resources, to achieve a self-sustained economy. During the initial transition period, however, external capital and technical know-how were essential. The least-developed countries looked forward to the United Nations Conference on Least Developed Countries, from which concrete measures were expected to emerge.

36. UNDP had been contributing admirably to his Government's efforts in economic development. The third country programme for Bhutan formed an integral part of the country's development plan. UNDP assistance was being sought for the development of agriculture, animal husbandry, transport and communications, education, forestry and human resources, which were the sectors that affected the largest and poorest sections of the population. His delegation appealed to all donor countries to increase their contributions to UNDP so that it could pursue and expand its efforts to strengthen the economies of the developing countries, as envisaged in Council decision 80/30.

37. Mr. POPESCU (Romania) said that his delegation welcomed the news that 1980 had been another year of continued growth and expanded service in the cause of development, and that for the third consecutive year, total main programme field expenditures had increased by more than 20 per cent. It was also encouraging that in 1980, an increased volume of programme components had been obtained from the developing countries, particularly equipment and fellowships. The share of those components still remained small compared with the total for all countries participating, however, and his delegation hoped that in 1981 and the years to come the situation would improve. His delegation also welcomed the fact that in 1980 the share of agency support costs in total project expenditure had decreased compared to 1979, and that for 1975-1980 administrative and programme support costs had declined.

38. In 1980, his Government had increased its voluntary contribution by 20 per cent and in 1981 it had again increased its contribution by the same percentage. It bore the entire local costs for the UNDP office in Bucharest, and had been among the first to respond favourably to the introduction of a new system of field representatives for United Nations operational activities. The projects executed in Romania in co-operation with UNDP were in line with TCDC, since the experience and results of that co-operation were shared with other developing countries. In that connexion, he wished to express his delegation's support for UNDP assistance to the national liberation movements recognized by OAU and to the Palestinian people.

(Mr. Popescu, Romania)

39. With respect to programme planning and preparation for the third programming cycle, his delegation welcomed the proposals for simplified country programme documents and supported the Administrator's recommendations contained in section IV of document DP/518/Add.1. It appreciated the greater UNDP involvement in pre-investment activities and the Administrator's efforts to improve the linkages between pre-investment and investment for UNDP-assisted projects, as well as information on investment commitments for them. Since investment follow-up activity was expected to become more important in future, the Administrator's proposals in document DP/521 were reasonable.

40. His delegation endorsed all the 14 country programmes and the proposals contained in document DP/562 for improving the effectiveness of the Council's deliberations, controlling and limiting its documentation and streamlining its agenda.

41. With respect to resource mobilization for the forthcoming cycle, his delegation fully endorsed the statement by the spokesman for the Group of 77 and shared the Administrator's concern regarding the unsatisfactory situation of resource mobilization for 1982-1986. It was recognized that UNDP had to serve as the central funding and co-ordination organization of the United Nations system for technical co-operation and as its main development strategist. Currently, the international community's main task was to consolidate and develop the positive experience acquired by UNDP over its 30-year history and to preserve its ability to face new challenges. UNDP's resource mobilization had long ensured its vitality, despite the many difficulties it had faced. Any failure to meet the minimum resource target contained in Council decision 80/30 would be detrimental to the developing countries and the future of UNDP, and would jeopardize its efficiency. Consequently, every effort should be made to maintain the resource target at the level recommended in that decision and the Council should reach a decision on required resource mobilization for the 1982-1986 development co-operation cycle. The difference of \$1.5 billion was, as the Administrator had said, vast for the developing countries but certainly not exorbitant for those better endowed if shared among them. The responsibility for implementing decision 80/30 lay with each country participating in UNDP. His delegation hoped that the developed countries and all countries able to make substantial contributions would increasingly prove their readiness to fulfil their responsibilities in the common endeavour. He believed that the Council would again show a spirit of understanding, political will and generosity at the current session.

42. Mr. CZARKOWSKI (Poland) said that the Council's primary responsibility was to retain and enhance the viability, integrity and growth of the United Nations, bearing in mind its unique service to multilateral technical co-operation in all sectors and to all countries in need. That service should continue to be aimed at achieving national and collective self-reliance, the basis for the introduction of a new international economic order. The realization of that order would require renewed emphasis on technical co-operation designed to build up human and institutional infrastructures and pre-investment planning capabilities, thereby promoting the self-reliance of the countries concerned. The international

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technical co-operation sponsored by UNDP and the entire United Nations operational activities sector also helped to improve international relations at times when global détente was more than ever necessary. One could not over-emphasize UNDP's contribution to the construction of the material foundations of world peace - an essential requirement for the undisturbed social and economic development of all nations. Two considerations were of utmost importance in fulfilling the demands made upon UNDP. Firstly, the basic principle of its universal and voluntary nature had to be maintained, pursuant to the 1970 consensus. Second, UNDP's position within the United Nations development system had to be that of its central funding and co-ordinating body.

43. The expansion of United Nations operational activities called for more effective co-ordination in order to optimize resources. It was of utmost importance to strike the right balance between the decentralization called for in General Assembly resolution 32/197 and the centralization of the management of the entire machinery. Country programming in which Governments, UNDP and agencies were all involved allowed for the exercise of national sovereignty in the allotment of UNDP funds and for the synchronization of assistance with development objectives, while retaining UNDP's co-ordinating authority over their rational usage.

44. Continuous programming was strongly dependent on the stable growth of resources. His delegation understood the Administrator's concern about the decline of UNDP's share in technical co-operation funding, and had often warned against the proliferation of special funds and the resulting dispersion of resources. As a result of that dispersion, the choice of specific sectoral programmes was often determined by the consensus of international forums rather than by the planning authorities of individual developing countries. Moreover, special administrative structures added to administrative costs and made it difficult to prevent duplication of effort. All special funds should be placed within UNDP's administrative framework, as the Administrator had suggested. It might be useful to go one step further by integrating funds within UNDP and covering them by country and intercountry programming, while retaining their substantive, specific identity. That solution would result in a greater coherence for future United Nations operational activities and ensure efficient central management through an established field network.

45. With respect to that field network, although his delegation welcomed the emergence of the resident representatives as resident co-ordinators of the entire local United Nations technical co-operation effort, it believed that they should not become the Secretary-General's representatives or United Nations envoys in general, and that equitable geographical distribution in their recruitment should be ensured in order to engage all countries in operational activities for development.

46. As it was about to embark on the third cycle of international technical co-operation, the role of the Programme was no longer merely to supply technical assistance. A new concept was gaining importance: that of "experience-sharing". Experience acquired by UNDP from developed countries benefited not only the

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recipient country but could be transferred to others through TCDC, twinning or network arrangements and training of personnel, permitting fuller use at lower cost of knowledge already adapted to the specific conditions of developing countries. Any attempt to limit the number of recipient countries naturally ran counter to that concept.

47. The operational activities of UNDP had a catalytic value, especially in terms of human resources, and his delegation fully endorsed the call for expanded training of national personnel contained in General Assembly resolution 33/135 and the Council's decision 80/8, as well as the Administrator's proposal in document DP/516 (para. 11). His delegation had already offered to assist by organizing study courses paid for essentially in national currency, and another promising solution would be to train foreign personnel on the project site during and/or after the execution of the project. Poland's new country programme included such training in many of its projects. Likewise, the proposed United Nations research and training centre in the University of Warsaw, if established, could be a pioneer of "experience-sharing" in collaborating with universities in developed and developing countries on the basis of twinning arrangements. Training, in its broadest sense of an investment in human resources, including the transfer of expertise, was a major contribution to development.

48. The growing significance of intercountry activities was a positive development and his delegation supported global projects in agriculture and food, health and energy, together with interregional projects which rightly emphasized training and problems common to adjacent regions. Both Governments and regional commissions should be more closely involved in the regional programming exercise. The recent meeting in Geneva between UNDP and the Economic Commission for Europe had revealed an enormous interest in UNDP-sponsored technical co-operation in the region; more than 14 new projects, including those presented by his country, had been added, a number of ongoing regional projects had received unanimous support, and it had been proposed to extend the sectoral range to cover health and social care, and agriculture. It was to be hoped that, once the report of that meeting had been approved by the Council, the detailed regional programme would be prepared with the full involvement of as many Governments of the region as possible, in order to guarantee extensive "experience-sharing".

49. Efficient control of the implementation of the programme had increased when UNDP had begun programming its assistance on a more systematic and forward-planned basis, and it was gratifying that the administration had made considerable progress in adapting execution to the new requirements. The measures being introduced to bring about "continuous monitoring" should be applied extensively in the interest of efficiency and economy. Recipient countries were increasingly prepared to host UNDP projects, and greater influence from national authorities, combined with a more flexible and decentralized mechanism to organize UNDP-supported operational activities, was required. Implementation of General Assembly resolution 3405 (XXX) had acquired particular importance; the new approach, involving direct execution, should reduce overheads and release considerable amounts of funds. In view of the shortfall in resources, the executing agencies and UNDP administration should work together to reduce administrative and supporting costs so that more resources could

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be earmarked for technical assistance, and they should co-operate in particular with those countries whose contributions in national currencies had accumulated on the UNDP account, in order to utilize them for the benefit of developing countries. More flexibility from the agencies and further useful action by the Inter-Agency Procurement Services Unit were to be hoped for. The fact that contributions in national currencies could be readily utilized was illustrated by the permanent shortage of Polish currency in UNIDO and WHO, and his country was awaiting a response from the administration to its offer to negotiate a range of supplies and services to be paid for, in whole or in part, in the national currency.

50. The Council should spare no effort to limit the adverse effects on recipient countries of the bleak resource prospects for the third cycle, through appealing for more funds, making better use of those available, and endeavouring to make savings; joint efforts by all countries, the administration and the executing agencies could yet avoid disruption to the Programme. His country would strive to maintain the growth of its contribution and to achieve net contributor status as soon as possible.

51. At the same time, his country greatly hoped that its previous IPF level, based on its real GNP per capita, and on supplementary criteria related to the cumulated debt burden, balance-of-payments deficit and planned economic reform for development, might be restored, since its current economic difficulties made UNDP assistance even more important. The country programme reflected the Government's concern to use UNDP inputs in solving many acute sectoral problems. It was unusual, in that its projects were designed to promote co-operation among countries with different social and economic systems within the European region; most were also potentially of interest and benefit to developing countries outside that region, either as a source of expertise for development co-operation or as a training facility for nationals of those countries.

52. Mr. THUNBORG (Sweden) said that his delegation had welcomed the Administrator's efforts, as reflected in document DP/562, to simplify the Governing Council's proceedings and to review and whole subject of its ever-growing workload. The suggestions would go a long way towards making the work of the Council more efficient, without diminishing its significance.

53. The most crucial problem facing UNDP was the resources situation. The increase in resources yielded by the 1980 and 1981 pledging conferences was clearly disappointing when compared to the target growth rate of 14 per cent per annum, with the further complication that formal pledges were still awaited from various contributors. The situation gave good grounds for the Administrator's grave concern, especially when contrasted with the optimistic forecasts on which the planning for the third cycle had originally been based, and with the needs of the developing countries.

54. In the long run, UNDP's reliance for its resources on a handful of small industrialized countries was not healthy. The large industrial countries should improve burden-sharing among industrialized countries as a whole by increasing

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their contributions, especially as most of them had not yet reached the official target of 0.7 per cent. Additionally, the richer developing countries should consider relinquishing their IPFs, or become net contributors, the socialist countries should substantially increase their low contributions and make them in readily usable currencies, and a solution had to be found at the current session to the problem of non-convertible currencies.

55. The problem of UNDP resources was basically a question of political will. His country, as was proved by the fact that it provided more than one tenth of all UNDP resources, had consistently supported UNDP as the central funding source of technical assistance within the United Nations system. At a time of financial difficulties, it was essential for other donors to make the political decision to give UNDP the financial support it needed in order to be able to continue as a viable vehicle for development co-operation.

56. Technical assistance was the basis for all other forms of assistance. If it was inadequate, it created problems for the other forms, such as an eventual slow-down in the flow of capital assistance. Negotiated long-term commitments could not continue to be made on a piece-meal basis; the whole system of international development co-operation had to be seen as an integrated whole.

57. The principal donors must assure UNDP of a long-term increase in resources; given the fact that UNDP made five-year commitments to recipient developing countries, a system of three-year pledges should be accepted, with a firm pledge for the first year and indicative figures for the following two years, subject to parliamentary approval. His country had been taking that action voluntarily since 1978, but few countries had followed its example, and the joint United Nations pledging conferences had failed to achieve assured increases in contributions.

58. The Intergovernmental Study Group on Future Financing of the Programme should be reconvened with the expanded mandate to examine the total resources situation of UNDP. It would receive his delegation's full support and co-operation. That action would be a constructive step, whereas to start talking about reductions in IPF for the third cycle, even before it had begun, would be fatal. Nevertheless, restraint was called for in increasing the administrative budget of UNDP. The Administrator's budget proposals were not fully convincing, since in his supplementary budget for 1980-1981 he proposed a considerable increase, while at the same time presenting his budget for 1982-1983 as a zero-growth budget. The net effect of the proposals would be an increase in the administrative budget, and they should therefore all be discussed together in the same context.

59. UNDP should be the central funding source for technical assistance within the United Nations system. However, its initial share of more than two thirds of all technical assistance had dropped to one third. At the same time, new funds, created for specific purposes, had increased the fragmentation of the system and reduced the ability of developing countries to give their own priorities to United Nations assistance. In addition, a proliferation of funds did not necessarily mean additional resources for development, since new funds required increased amounts

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for general administration. His delegation therefore supported the Administrator's suggestion that the UNDP, primarily through its field-office network, should take care of common administrative services for the various funds, thus making it easier to reduce the resources devoted to administration and also for the recipient countries to deal with the various funds.

60. However, there was also a need for joint programming through the UNDP country programmes, which would benefit donors and recipients alike by giving a comprehensive picture of the development work of the United Nations system in each developing country. The measures set forth in General Assembly resolution 32/197 (annex, sect. V) involving the use of the country-programming process as a frame of reference for the operational activities carried out and financed by the organizations of the United Nations system from their own resources, and progressive integration measures in respect of programmes and funds for development financed by extrabudgetary resources, required general co-operation and understanding, but were necessary in order to rectify the unsatisfactory relations already existing between some such funds and UNDP. The Special Measures Fund for the Least Developed Countries should be given an important role in implementing the anticipated recommendations of the United Nations Conference on the Least Developed Countries.

61. The appointment of many UNDP Resident Representatives as Resident Co-ordinators for the United Nations system as a whole was an important step in increasing co-operation between the various organizations and reducing administrative costs. However, the opposing tendency for an increasing number of United Nations organizations, of which FAO was an example, to establish their own local offices in developing countries was worrying, since excessive ambition in that direction could have negative effects for the system as a whole, by substantially increasing administrative costs, thus in the long-term reducing the willingness of donors to support it, and ultimately leading to increased fragmentation of the United Nations system.

62. To maintain its level of financial resources, UNDP must enjoy the full confidence of the donors. It must continually reassert itself as a dynamic, constantly developing and adaptable mechanism, offering dimensions not normally present in bilateral aid relations. His delegation pledged its full support for UNDP in the important tasks which it faced during the third development cycle.

63. Mrs. MINH (Observer for Viet Nam) said that her country was very new to co-operation with UNDP. Given the importance of UNDP in the transfer of technology and in co-operation among developing countries, her delegation fully shared the grave concern at the uncertain resources situation for the new cycle which had been expressed by the representative of Venezuela, Chairman of the Group of 77, and wished to thank warmly those countries whose contribution went beyond the targets set in Governing Council decision 80/30, especially Hungary, which had voluntarily requested that its IPF be reduced for the benefit of other countries.

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64. "Continuous programming" and its accompanying periodic reviews would enable country programmes and specific projects to be adapted, as necessary, to respond in the most effective way possible to the real needs of the countries concerned.

65. The Administrator's decision not to increase administrative costs in real terms in 1982-1983, and to keep any increase in successive years to a minimum, was most welcome, and serious consideration should be given to the opposition which he had expressed to the proliferation of funds under the management of UNDP.

66. Her delegation appreciated the analysis in document DP/522 of the 14 country programmes, including her country's own, submitted for the Council's approval during the current session, and welcomed the way in which the document had highlighted the main problems and obstacles affecting development, as well as the priorities of the different country programmes.

67. Her country faced an immense task of reconstruction and development, since apart from the great challenge of under-development, the destruction and disruption of 30 years of war had been followed by a series of the worst climatic disasters of the century, which had gravely affected agriculture, still the main resource of the country, and thus undermined the attempt to achieve self-sufficiency in food and the beginnings of economic recovery. Other obstacles were being created by an unjust economic blockade and a state of permanent tension maintained at the frontiers, designed to hinder the work of healing the wounds of war and of developing the country. For those reasons, her country especially appreciated the fruitful co-operation of UNDP.

68. Her country's first programme, part of the second cycle, had not really got under way until 1978. The harmonious co-ordination between her Government and the Resident Representative had been indispensable for the success of the programme and the preparation of the new programme. In an effort to improve the quality of the programming, her delegation had been represented on a study mission to Sri Lanka and India and, as a result of the rich experience acquired there, an ad hoc committee had been set up, which had reviewed the programme. Its findings would benefit programming for the new cycle. A number of the major specialized agencies, such as FAO and UNIDO, had also assisted in selecting and drafting projects. The country programme for Viet Nam (DP/GC/VIE/R.2) was the outcome of that collective effort.

69. That programme was very important for the co-operation between her country and other countries and organizations, in terms of an efficient instrument for transfer of technology, particularly from countries with which Viet Nam had only limited contact. One of the major objectives of her Government in drafting the programme had been to encourage the research and application of new technologies, in an attempt to bring its production up to date and achieve self-sufficiency, first and foremost in food, in order to improve the population's standard of living as rapidly as possible, while at the same time preparing the ground for broader international co-operation in the future. Agriculture, natural resources, industry and transport were the priority needs of the population; they were also areas where UNDP assistance could have the most impact.

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70. Thus the Administrator had been fully correct in stating that the country programme for her country must help it to restore its infrastructure to an operational state following the widespread destruction and economic disorganization which had prevailed for 35 years, and that part of the programme, aimed at economic recovery, should be devoted to the maintenance, modernization and development of equipment in order to adapt transferred technology to the particular needs of the country. However, in the detailed drafting of the projects as well as in their execution, the assistance of experts and consultants from specialized agencies would be necessary to determine specific needs in terms of equipment, and advisory and management services. Thus conceived, her country's programme would respond to the development requirements of the country, while being fully consistent with the spirit of the "new dimensions" approved by the Council and the General Assembly, as well as UNDP's fundamental objective of technical co-operation. For those reasons, it should be approved by the Council and initiated as soon as possible.

71. Mr. ZRELEC (Observer for Yugoslavia) said that his delegation agreed with the statement made at the 710th meeting by the representative of Venezuela on behalf of the Group of 77, and fully endorsed the legitimate expectations of the developing countries that the current session of the Governing Council would promote more effective development co-operation. The Council should not only undertake the appropriate assessment of the wide range of programme activities but also provide genuine advice on how to overcome the difficulties in programme performance and in shaping the third programming cycle.

72. The sizable increase in the volume and complexity of the Programme required a highly sophisticated approach. In that connexion his delegation was happy to see that there had been continued growth in field expenditures with a comparatively modest increase of administrative and programme support costs. His delegation also welcomed the fact that the developing countries had enjoyed an increased share in some programme components, such as the volume of equipment ordered and the number of fellowships awarded. With regard to major components, i.e. experts and subcontracting, however, there had been no substantial change to benefit the developing countries, as their share remained the same as in previous years. It was therefore necessary to increase efforts towards mobilizing technical and managerial skills available in the developing countries themselves, which might lead to better utilization of their capacities to achieve collective self-reliance. The recent High-Level Meeting on the Review of Technical Co-operation among Developing Countries had also pointed out the necessity for increased over-all participation by the developing countries in the implementation of programme activities.

73. The disappointing results of the November 1980 Pledging Conference and the consultations undertaken by the Administrator with major donor countries highlighted the serious financial difficulties which the Programme increasingly faced. The Programme must be supported more energetically in order to ensure dynamic growth in real terms. Although its development objectives were primarily conceived to assist the development and strengthening of the capacities of developing countries, the Programme also provided a number of benefits for the

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developed world. All UNDP member countries should contribute to the Programme in accordance with their real possibilities, thus sharing the financial burden more equitably. The developed world should significantly increase its contribution and the recipient countries that were in a position to do so should also make serious efforts to become net contributors as soon as possible. The principles of universality and voluntariness related both to financial contributions and to participation in development co-operation.

74. His Government had become a net contributor as early as 1976 and had increased its voluntary contribution to \$2.6 million in 1981, which was well above its IPF for the current cycle. In addition his Government supported the activities of virtually all major global special purpose funds, such as the United Nations Capital Development Fund, the United Nations Fund for Population Activities and the United Nations Interim Fund for Science and Technology for Development.

75. The deteriorating world economic situation had adverse effects on all countries, but mostly the developing ones, which needed technical assistance more than ever. That in turn made it imperative that the financing of the Programme should be put on a more stable and predictable basis to facilitate forward planning. The challenges facing the sustained development efforts of the Programme seemed to be of a temporary nature, rather than being due to depletion or scarcity of development potentials. In addition to existing funding procedures, the capacity of other elements of the United Nations development system; multilateral organizations, development banks and other appropriate sources should be further explored.

76. It should, however, be understood that contributions towards development co-operation were made in accordance with UNDP's principles and its unique development objectives, and no consideration or pretext of any other nature could be directly or indirectly introduced into or imposed on the Programme. The principles and criteria for contributions and allocations laid down in Council decision 80/30 must be maintained intact. The Governing Council must seek to provide the Administrator with appropriate guidelines for further action aimed at avoiding any decline in the value of UNDP activities. Every effort must be made to reach the targets adopted by consensus in Council decision 80/30.

77. Mr. BLAIN (Gambia) said that UNDP member countries, in particular the developing countries, had been extremely heartened by the decisions taken by the Governing Council at its twenty-seventh session, in particular decision 80/30, which had reaffirmed the Council's ardent belief in UNDP's role and its unique capacity for promoting the economic growth and national and collective self-reliance of the developing countries through technical co-operation. The least developed countries had particularly welcomed the decision to allocate 80 per cent of the total amount of country IPFs for the third cycle to countries with per capita GNP of up to \$500. On the basis of the illustrative IPFs approved by the Council in decision 80/30, and notwithstanding the comparatively few reservations concerning the attainment of the target of 14 per cent annual growth in voluntary contributions, recipient countries had made projections incorporating the resources envisaged for the third cycle in their development plans.

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78. Delegations of the developing countries, and especially his own delegation, were therefore deeply disappointed and distressed that the consultations undertaken by the Administrator with the donor Governments to determine contributions for the third cycle had resulted in a sharp drop in the volume of resources envisaged for the third cycle, from the 14 per cent growth anticipated to the very low level of 8 per cent growth in voluntary contributions. The situation was even more alarming since the bleak prospects for resource availability would have severe over-all effects on the operational activities of other bodies within the United Nations system.

79. The grave implications of the grim prospects facing country and intercountry programming for the third cycle and their attendant devastating effects on the concerted efforts of the developing countries to achieve sustained socio-economic growth could hardly be overemphasized. The explanation offered for that state of affairs was that the industrialized countries were themselves experiencing economic problems and that fluctuations in the exchange rates between the dollar and the national currencies of some donor countries had substantially diminished the value and the level of the voluntary contributions of those countries in real terms. Such arguments would be more convincing if it were not for the fact, as revealed by the Administrator in his opening statement, that by 1985 the rate of increase in per capita annual incomes in the developed countries would be \$3,850 higher than the per capita incomes in the least developed countries for the same period. The alleged economic problems did not seem to present any deterrent to the annual allocation of billions of dollars for defence by the super-Powers. The increasing interdependence in the world clearly indicated that it was in the economic interests of the industrialized countries to provide the resources needed to strengthen the economies of developing countries and to promote their collective self-reliance. It was the problems of poverty that constituted the greatest danger to international peace and security.

80. His delegation continued to be seriously disturbed by the accumulation of contributions in non-convertible currencies, now equivalent to over \$41 million. Now more than ever, the Council should once again urge the countries concerned to exert every effort to ensure that those accumulations as well as future voluntary contributions were made in readily convertible currencies so as to facilitate their utilization by UNDP. In that connexion, however, it should be understood that the recipient countries continued to reserve the right to determine the source of their procurement and services, and the convertibility of the accumulations in question should under no circumstances be tied to decisions relating to procurement and services.

81. His delegation welcomed the proposal made by the representative of UNESCO concerning the mobilization of resources from other sources, including multinational development banks, and international financial institutions and agencies. Equally gratifying had been the invitation extended by UNDP by the Administrator of USAID for joint execution of projects on a co-funded basis. Such activities and the bilateral resources involved should complement UNDP activities in the field and must not serve as a substitute for the indispensable volume of

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resources that the United States traditionally contributed to the operational activities of UNDP and other agencies. His delegation associated itself with the views expressed by the representative of the United States to the effect that certain country IPFs should be frozen until such time as the political situations in the countries concerned were sufficiently normalized to ensure that the countries could enjoy the full benefits of those resources.

82. His delegation was also concerned over the volume of resources expended by UNDP on agency support costs, particularly in relation to the 13 per cent formula and its eroding effects on country IPFs. In accordance with General Assembly resolutions 35/81 and 35/83, his delegation was of the view that Governments of recipient countries should increasingly assume responsibility for the execution of projects and thereby become the principal beneficiary of the 13 per cent of project costs normally paid by UNDP to executing agencies.

83. With regard to efforts to streamline and rationalize the work of the Governing Council, his delegation shared the view that, in the prevailing circumstances of uncertainty, austerity in the utilization of limited resources could only enhance the effectiveness of the Programme, particularly with regard to the availability of resources for project implementation in the field. His delegation therefore fully supported the proposal that documentation on country programmes should be reproduced in full only in the original language of submission, with a brief summary in the other official languages. His delegation also fully supported the proposal for the establishment of a United Nations development study programme, which would facilitate the sharing of the rich knowledge and experience in development co-operation acquired by UNDP and other bodies in the United Nations system through the exchange of views and research information, both among agencies and with recipient countries.

84. His delegation attached paramount importance to the success of the Transport and Communications Decade in Africa. Progress in that vital sector had been very slow and the Council and the international community as a whole should provide, as a matter of urgency, sufficient resources for the implementation of projects that had been identified so far for the Decade. His delegation was also looking forward to UNDP's active participation in the forthcoming United Nations Conference on the Least Developed Countries. The Programme might be assigned a new mandate by the General Assembly following the successful conclusion of the Conference. In conclusion, he urged all delegations to rededicate themselves to the historic consensus achieved in Geneva and embodied in Council decision 80/30.

85. Mr. TUJAN (Liberia) urged UNDP to consider, during its third cycle, redoubling its efforts to alleviate poverty and improve the social and economic conditions of the poor. In that connexion, his Government had rearranged its national priorities in an effort to improve the social and economic conditions of the Liberian people, especially in rural areas. The Government had focused its attention on rural development and agriculture, including the development of rural schools, feeder roads, hospitals and better health facilities, agricultural projects, transport and communications, low-cost housing, training, manpower and human resources development.

(Mr. Tuan, Liberia)

86. He urged the Governing Council to consider increasing the IPFs of African countries during the third cycle. There was ample room for more economic and technical assistance to Africa, in particular to his own country. UNDP should also provide more substantial support to transport and communications in Africa and to the African liberation movements recognized by the Organization of African Unity. More African countries should be included, during the third cycle, in UNDP interim arrangements for energy exploration and pre-investment surveys, and the participation of African countries in the United Nations Revolving Fund for Natural Resources Exploration should be expanded. His delegation called upon all developed and oil-producing countries to consider substantially increasing their donations for the third programming cycle of UNDP.

87. Mr. KATAPODIS (Greece) said that his delegation was concerned about the inadequacy of funds pledged so far by Governments for the third programming cycle. According to present forecasts, the deficit between forward planning for the third cycle and promised contributions would be of the order of \$1.6 billion, or approximately 25 per cent of the over-all expenditures envisaged for the third cycle, which would seriously jeopardize the objectives set for the cycle. All possible efforts must be made by all Governments that were in a position to grant development assistance, irrespective of their social and economic systems, degree of industrialization and so forth, to reach the target of a 14 per cent annual increase in contributions as set forth in Council decision 80/30. His own Government had declared itself ready to comply fully with that decision, subject to parliamentary approval, despite the serious difficulties facing the Greek economy, due in no small part to natural disasters. If the target of \$6.7 billion was not met, it might be necessary to reassess the priorities of Council decision 80/30, so as better to take into account the needs of the least developed countries.

88. A related matter was the accumulation of non-convertible currency contributions. Every effort should be made by the countries concerned to reduce the accumulations, which impaired the over-all effectiveness of the Programme.

89. The serious possibility of a reduction in available resources made it necessary to reconsider UNDP administrative and programme support costs. The report of the Administrator suggested that, as a result of improvements in administration, those costs had actually declined in constant prices during the period 1975-1980 and that the Programme was committed to a zero growth budget in real terms for the biennium 1982-1983. His delegation urged the UNDP administration to continue its efforts to improve the effectiveness of the Programme. The Administrator's report further suggested that UNDP administration of special funds had given satisfactory results. UNDP involvement should therefore be continued and extended whenever possible, especially in view of the considerable experience acquired by UNDP over the years. His delegation did not, however, support the creation of new funds, except in very rare and special cases. Any increase in the number of bodies involved in technical assistance and co-operation could lead only to additional expenses and duplication of work.