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SUMMARY RECORD OF THE 713th MEETING

Held at Headquarters, New York,
on Thursday, 11 June 1981, at 3 p.m.

President: Mr. ABDULAH (Trinidad and Tobago)

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The meeting was called to order at 3.15 p.m.

PROGRAMME OF IMPLEMENTATION (agenda item 4) (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 (agenda item 5) (continued) (DP/517, DP/518 and Corr.1 (English only), DP/518/Add.1, DP/519, DP/520, DP/521, DP/564, DP/565)

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS (agenda item 6) (continued) (DP/522)

FURTHER CONSIDERATION OF THE ORGANIZATION OF THE SESSION OF THE COUNCIL (agenda item 10 (c)) (continued) (DP/562 and Corr.1 (Chinese and English only))

1. Mr. RINGNALDA (Netherlands) said that, in UNDP's second programming cycle, income and expenditures had risen, a large number of projects had been initiated and completed, and there had been a remarkable improvement in the financial and the administrative situation and, above all, tremendous efforts had been made to assist developing countries in shaping the concept of self-reliance. In the second cycle, UNDP had provided assistance to countries which were not otherwise favoured by substantial technical assistance and had been able to contribute in sectors that were considered important by the recipient country but not covered by other forms of external assistance through priority setting by the recipient countries.
2. At the beginning of the third programming cycle, as at the beginning of the second, the prospects were far from bright. As the Administrator had pointed out realistically and frankly, the situation with regard to resources was gloomy. The Netherlands delegation shared the Administrator's concern in that regard and stressed the fundamental importance of preserving UNDP's financial integrity.
3. At the beginning of the current year, the Government of the Netherlands had concluded a field survey to evaluate a number of United Nations funds and programmes, including UNDP and had come to the conclusion that UNDP's performance justified the priority which his country had accorded to it in its development budget. The results of that study presented a satisfactory picture and underlined the importance of multilateral technical assistance as a pre-condition for and a complement to bilateral financial assistance. However, bearing in mind the dismal picture of UNDP's over-all financial situation in the third cycle, it might perhaps be necessary to review periodically the growth targets agreed upon in the near future and to endeavour to improve the quality of the aid provided. In that regard, serious attention should be given to personnel management and the streamlining of administrative practices.
4. Secondly, the institutional structure of the United Nations development system was also changing. It was necessary to consider seriously whether the establishment of new funds actually attracted additional sources of finance or,

(Mr. Ringnalda, Netherlands)

on the contrary, promoted redistribution of existing flows, thus threatening the important concept of an integral approach. Consequently, it was necessary that full use should be made of existing structures, both in funding and administration.

5. His delegation very much favoured the central role of UNDP and the optimal use of its structures, in particular, its field network. In general terms, therefore, his Government supported the idea of UNDP's umbrella function and regarded it as a logical consequence of the direction in which UNDP had been developing in recent years.

6. The third important change that would occur in the third cycle as compared to the second cycle was at the field level. The designation of Resident Co-ordinators, as United Nations and not merely UNDP representatives, threw new light on the question of the financing of the field offices. His delegation was fully aware that those offices were increasingly offering services to other organizations of the United Nations system and that that constituted a heavy burden on UNDP's staff and administrative resources. The co-ordination function, which had recently been strengthened, could be further improved by regular meetings of representatives of the Government of the recipient country and of United Nations bodies. At such meetings, which were already being held in some countries, the concept of "integral programming of United Nations inputs", as elaborated upon in the so-called Dadzie report, could be brought to life.

7. His country believed the the way UNDP dealt with country programming could be improved. Firstly, it appeared that there was a growing divergence between international and national development objectives. There was a growing number of international priorities and fields of action that required implementation at the national level. At that level, however, the policy makers of recipient Governments and the Resident Representatives were confronted with an increasing number of directives. The results of collective decision-making at the international level should not be imposed on the countries but should, however, find a meaningful reflection in the decisions taken at the national level. In order to obtain a better insight into the responsiveness at the national level, there was a need for a more adequate structuring of the discussions on the country programmes.

8. He wished to point to a very important change that would occur at the beginning of the third cycle, namely, the shift of the available resources in favour of the poorest countries, in accordance with decision 80/30. His delegation welcomed that decision and urged that the important contributions made by the higher-income developed countries should be increased by further contributions to enable UNDP to carry out its mandate satisfactorily.

9. The prospects for the development of the world economy were bleak. Economic growth in quite a few developed countries, including the Netherlands had been virtually non-existent for some time now. That situation, however, should not cause anyone to lose sight of the fact that it was primarily in the developing countries that the effects of the present world economic situation were felt most. Effective support for their development activities was the great challenge of the 1980s, which must be met realistically and resolutely.

10. Sir Anthony PARSONS (United Kingdom) said that the debate was being held in an atmosphere of uncertainty which gave rise to anxiety; perhaps the outlook would improve if the Council looked back at UNDP's major successes during its second programming cycle. Five years earlier, very few had been confident that UNDP would reach the 14 per cent growth target set for the second cycle; yet, while the world economy had sunk into ever deeper difficulties, UNDP had moved steadily forward. In his opening statement, the Administrator had affirmed that the 14 per cent growth target set for the second cycle, would be substantially achieved. There was no danger of a recurrence of the liquidity problems of the crisis five years earlier. The revitalization of UNDP's management structure made it possible to accept the Administrator's assurances.

11. The credit for UNDP's performance during the second cycle must go to the Administrator. Governments applied many different criteria when assessing the performance of an organization such as UNDP, but, ultimately, the most important criteria was that of confidence; and the United Kingdom had every confidence in Mr. Morse and his team. Mr. Morse could count on the United Kingdom's full support within the limits of its resources.

12. In the foreword to his annual report, the Administrator referred to the "rising tide of international economic distress" in the world. A principal concern of the Governments of most major donor countries must be to restore to health their own economies. In the circumstances, that was in the interests of the developing countries, since their hopes for development depended above all on the recovery of the world economy as a whole. For the United Kingdom Government, as for many others, bringing public expenditure under control was an important part of the battle to restore the economy and an objective to which the aid component of public expenditure must also contribute.

13. All the evidence suggested that UNDP was in for a few lean years. It was unlikely that its resources would grow in the third programming cycle at a rate which would match that of the second cycle. His Government could not agree with the Administrator that the 14 per cent figure adopted at the preceding session embodied the "expectations" of the Governing Council; hopes, perhaps, but not expectations. The major donors had clearly warned, when the 14 per cent figure had been adopted, that it was unrealistic. The upper limits of UNDP's growth were determined largely by factors beyond the influence of UNDP or even of the Governing Council. The Council must face the future squarely and concentrate on how best to spend the resources which the Programme had.

14. The question arose, therefore, as to what resources UNDP could realistically expect to have at its disposal during the third cycle. The Administrator had put forward his own estimate. He commended the Administrator on the thoroughness of the effort which had gone into producing that figure. However, the Administrator had had to depend for his basic data on some very imprecise sources, namely, the contributors themselves. It was not that the contributors had any wish to mislead; they simply did not know how much they would be in a position to contribute to UNDP in the next few years. The projections of future income were, moreover, subject to two unpredictable variables - inflation and exchange rates - and that had been clearly recognized by the Administrator in his opening statement.

(Sir Anthony Parsons, United Kingdom)

As a result, the projections contained in document DP/519 could be regarded as only a most tentative estimate. That did not mean that the Governing Council should allow itself to be panicked into taking precipitate action. It might well be that, as the third cycle unfolded, the evidence would show the Administrator's gloomy forecast to be well founded. If so, appropriate action would have to be taken. Until then, however, UNDP should continue to plan the implementation of its programme on the basis of its best estimates of resources likely to be made available in the short term. It made sense to his delegation that UNDP should continue for the time being to plan at the level of 80 per cent of the indicative planning figure.

15. His delegation recognized that the requirement to plan a long-term programme on such an uncertain short-term basis imposed on the Administrator an exceptionally difficult management task. The Council would therefore have to devote priority attention in the coming years to ways of enabling UNDP to plan its activities on a less precarious basis. It might, for example, re-examine the idea of a rolling system of IPFs whereby IPFs would be updated annually in the light of the latest resource forecasts. That would fit in well with the new approach to country programming at the field level and would be linked with the multinational indicative figures proposed by Sweden. In the meantime, however, the Council could do no more than place its faith in the judgement of the Administrator. After all, the IPFs were intended to be only "indicative".

16. His delegation welcomed the indications that in the third cycle there might be a significant increase in the proportion of UNDP resources coming from outside the small group of donor countries which had traditionally provided the bulk of the Programme's income. His Government hoped that the Soviet Union would begin to reflect in its contributions its often expressed concern for the welfare of the developing countries. His delegation looked forward in that connexion to a constructive discussion in the Council of the question of non-convertible currencies. UNDP was, of course a voluntary programme, and donors were free to decide on their own contributions but the Administrator should not accept contributions if there were conditions attached to them. Nor could any donor be accorded special treatment when it came to spending its contributions. The Administrator should ensure that no more valuable resources were consumed in efforts to prevent or reduce the so-called "accumulation" of non-convertible currencies. Above all, UNDP should not allow itself to become a mechanism whereby Governments used non-convertible contributions to generate hard-currency income.

17. The emphasis on the quantity of UNDP assistance should not be allowed to obscure the importance of its quality. In his Government's view, one of the strengths of UNDP was its significant work to improve the administrative effectiveness of the assistance it provided. One example was the proposals for improving the country programming process, which were reported on in document DP/518. However, the Council could more profitably consider periodic reviews of country programmes if the reviews contained a commentary on the reasons for short-comings in project implementation, rather than simply identifying the short-comings themselves. His delegation was also concerned over the proposal to omit the section on prevailing economic conditions in country programme documents,

(Sir Anthony Parsons, United Kingdom)

since such conditions often had a bearing on the country's ability to provide the internal support necessary to use external assistance to the full.

18. In his country's view, the Council had to use the opportunity afforded by the presentation of country programmes and the proposed periodic reviews to satisfy itself that the general thrust of each programme was in line with the over-all objectives of UNDP and that each programme appeared to be achieving those objectives. For that purpose more information than was available in many of the country programmes before the Council should be provided; otherwise the Council simply became a rubber stamp, and that was not in the best interest of either recipient countries or the Programme as a whole.

19. Thought had also been given to the importance of project and programme evaluation. Documents DP/515 and DP/558 reported a very sound basis for those continuing activities. The latter, in particular, identified short-comings in the system's project design and implementation procedures and set out methods for tackling them on an experimental basis. His delegation endorsed the Administrator's proposals on monitoring and evaluation and, while agreeing that the identification of projects for in-depth evaluation must involve tripartite consultation, it considered that the impetus for evaluating a specific project in depth should come from UNDP, which was best placed to determine the project's importance in the context of its programming as a whole. The importance of pre-investment activities in the development process had also been recognized and steps were being taken to improve the linkages between pre-investment projects and follow-up investment. In that respect, he noted the training which was being made available on investment development for resident representatives and deputy resident representatives, and suggested that the content and length of the training should itself be evaluated in due course.

20. Attempts at improvement were not confined to the field level. Document DP/562 contained proposals to streamline the work of the Governing Council itself to make it a more effective policy-maker and overseer. On all fronts, therefore, there was an increasing sense of importance attached to improving the effectiveness of UNDP's technical co-operation. Progress in improving the quality of UNDP's assistance would do much to offset any reductions in the level at which resources were likely to increase. However, in seeking to achieve that effectiveness the temptation to press ahead too quickly with new ideas must be resisted. In that respect he referred to the proposals set out in document DP/558 on government execution of projects financed by UNDP. When the concept of government execution first came to prominence in the "New Dimensions" decision of 1975, his delegation, like others, had welcomed the proposed measures, provided that concern for the quality and efficiency of the Programme remained the basic criteria for project selection and implementation.

21. At the same time there had been a general feeling within the Governing Council that, because government execution represented a major change in the UNDP system and, in particular, in the relationship with specialized agencies, a cautious and selective approach to implementation should be adopted. It had taken four years to draw up and establish, in 1979, an operative framework in which to introduce

(Sir Anthony Parsons, United Kingdom)

the gradual shift towards government execution, and yet the Administrator was proposing to abandon those guidelines after only two years of operation. In the view of his delegation, the Administrator's proposals on the matter were premature and could have serious implications for the nature of the Programme, for the balanced partnership that currently existed under UNDP's unique tripartite system of operations, and for the Governing Council's confidence in the Administrator's ability to exercise fully his accountability to the Council.

22. With regard to UNDP's role within the United Nations development system, his delegation regretted the proliferation of special funds for technical co-operation that had taken place over the last few years. Experience had shown clearly that new funds did not generate additional resources but simply drew resources away from other funds and reduced the level of their effectiveness. As each new fund acquired its own administrative machinery, scarce resources which should have been spent on projects in developing countries were absorbed by the bureaucracy. His Government continued to support the central funding concept on which the structure of the United Nations system was based. It believed that UNDP's general resources should be the primary source of finance for the technical co-operation activities of the system. It would maintain its opposition to the proliferation of funds, and did not intend to contribute to any new technical co-operation funds that might be established. Where there were separate funds, it would urge that the management of those funds should be entrusted to UNDP, so as to minimize the costs of new bureaucracy and take maximum advantage of the management experience and administrative structures which constituted UNDP's greatest strength.

23. His delegation opposed unnecessary proliferation at the field level too. The anticipated levelling off of UNDP's resources in the third cycle must not be used as an excuse by other United Nations organizations to develop field networks in competition with the UNDP offices. The proliferation and fragmentation of United Nations representation in the field was wasteful and contrary to the principles of the General Assembly's resolutions on restructuring.

24. The outlook for UNDP's future income might seem a little gloomy at the present time. It might get better, but if it did not, a great deal was already being done to ensure that UNDP would adapt its operations to reduced expectations. His delegation did not believe that those reduced expectations required any fundamental adjustments to the structure or policies of the present system. They did, however, make it more important than ever that efforts be concentrated on planning a highly efficient and effective programme which would ensure that the best possible use was made of all available resources.

25. Mr. MUHITH (Bangladesh) said that, judging from the report of the Administrator (DP/510) the matter of greatest concern to the Administrator and to the Governing Council at the present session seemed to be the mobilization of resources for the third cycle. In the wake of the reasonably good performance in the second cycle, the various improvements in programme planning, execution and co-ordination and the recognized effectiveness of UNDP's activities, it would be unfortunate if the promises of the third programming cycle could not be realized.

(Mr. Muhith, Bangladesh)

The main field expenditure had increased during the second cycle from \$294 million in 1977 to \$598 million. The expenditure level in 1980 marked an increase of 22 per cent over 1979, in spite of the fact that voluntary contributions increased by a mere 4 per cent. It was to be hoped that the forecast expenditure level of \$678 million for 1981 would be realized. That would be a unique achievement inasmuch as 98 per cent of the total second cycle IPF of \$2.4 billion would actually be dispersed during the cycle.

26. However, the fact that the level of voluntary contributions had been unsatisfactory for two consecutive years was a matter of serious concern. His delegation considered a mere 7 per cent increase in contributions for 1981 over those of 1980 cause for dismay. The Administrator had pointed out that the \$815 million pledged in November 1980 had, in effect, been reduced to \$754 million in May 1981 owing to changes in the exchange rates. That was particularly unfortunate in view of the tremendous step forward the Council had taken in the 1980 consensus by deciding that 80 per cent of the total amount available for allocation to country programmes would go to countries with per capita GNPs below \$500, with special treatment accorded countries with per capita GNPs of \$250 and below. His delegation, like many others, had been greatly encouraged by the enthusiasm with which the major donors had supported the decision. It would be a tragic anticlimax if the major donors were to back off from that position by, in effect, reducing their contributions. As his delegation had pointed out on previous occasions, the impact of technical assistance provided by UNDP was much greater than could be seen from the figures, for technical assistance programmes had a multiplier effect. He therefore appealed fervently to the major contributors to rise to the occasion once again and assist UNDP in maintaining its programme for the third cycle. Bangladesh had been able to increase its voluntary contribution by 14 per cent annually between 1976 and 1980 and, in view of the special difficulties envisaged in raising resources, it had raised its contribution in 1981 by 20 per cent over the 1980 level. It hoped to continue to maintain that trend throughout the third cycle.

27. The clear picture of the third cycle which the Administrator had painted was not encouraging for a country like Bangladesh which was looking forward to a full and successful implementation of the programme, following decision 80/30. On the basis of the consultations which the Administrator had had with donors it appeared that, for the third cycle as a whole, there would be a shortfall of more than 28 per cent in resources; in other words only \$5.1 billion would be mobilized as compared with \$6.5 billion. That was unfortunate, particularly in view of the fact that the growth rate in voluntary contributions during the first and second cycles had been more than 14 per cent and 12.5 per cent respectively. The present situation indicated that the annual growth rate in resources during the third cycle would be only 8 per cent. In that connexion, he recalled the debate which the Council had had during its special session and at its twenty-seventh session, in 1980. Even the most pessimistic of the Council members had not foreseen an annual growth rate of under 10 per cent and many of the major donors had thought that a 12 per cent growth rate would be more realistic than the 14 per cent projection that had been agreed. His delegation therefore failed to understand why five of the major donors had increased their contribution by only 7.5 per cent

(Mr. Muhith, Bangladesh)

annually during the second cycle. Even so, it was encouraging that during the same cycle five major donors had made contributions which had increased at an annual rate of 17.5 per cent during the cycle. His delegation did not understand why 8 of the 16 major donors to UNDP contributed less than \$1 per capita whereas the Netherlands, Sweden, Denmark and Norway contributed \$5, \$9, \$11 and \$13 per capita, respectively. Naturally, he was not oblivious to the economic difficulties that many donor countries were experiencing at home. The Administrator in his statement had indicated clearly the comparative magnitude of the difficulties of the recipients and the donors.

28. With reference to table 3 of document DP/519, his delegation would be extremely reluctant to work under any scenario other than the 80 per cent field programme as compared with the programme proposed in Governing Council decision 80/30. That meant a less than 1 per cent annual growth rate in programme expenditure in real terms. There was no ready-made solution for meeting the deficit of \$449 million implied in that scenario, but any situation inferior to that was totally unacceptable. Part of the deficit, as indeed the major problem of the dwindling resources of UNDP, could be solved by the restoration of UNDP's 15 per cent share in DAC multilateral assistance, as in 1970 - a share which had declined to 9 per cent in the 1977-1979 period. Once again, his delegation urged the members of the Council to rise to the occasion as they had done in 1975 to save the programme, and to pledge to achieve an over-all 14 per cent growth rate in the third cycle programme.

29. The Administrator had pointed out another difficulty, namely, delayed payment of contributions. His delegation believed that an improvement in the situation was within reach if only its significance was fully appreciated. Delayed payment could cause difficulties in effective delivery of services, particularly in view of the gap that would develop between levels of contributions in 1980 and 1981.

30. His delegation noted with concern the gradual decline of the role of UNDP as the central funding agency for technical assistance. Despite General Assembly and Economic and Social Council resolutions to the contrary, supporting the idea of UNDP as the centrepiece of technical assistance activities, UNDP's share of technical assistance had declined from 80 per cent in 1970 to 60 per cent in 1980. Part of the decline had been ascribed to the proliferation of special funds, although it was largely due to the expansion of bilateral technical assistance programmes of the donor countries. In the meantime, the UNDP country programme framework had considerably improved, and that had facilitated forward planning. More and more country programmes were related to national planning cycles, and there was now both greater involvement of national agencies and larger inputs from sectoral planning in the preparation of country programmes. All those developments were facilitating the identification of critical areas of technical capability gaps spread over a number of years. In fact, the country programme exercise was increasingly becoming a form of national technical assistance planning. In view of that, one would expect that UNDP should be financing the bulk of the technical assistance programmes of the recipient countries. What was needed was the placing of more resources at the disposal of UNDP to enable it to expand its activities and thus ensure better use of technical assistance resources.

(Mr. Muhith, Bangladesh)

31. With regard to UNDP programme delivery in 1980, his delegation commended the success achieved during the year. However, like other delegations, it would like to see a greater share of technical assistance devoted to the building up of technical capability within the recipient countries. In that connexion, while UNDP's responsiveness and dynamism as a donor was appreciated, there was perhaps scope for greater co-ordination with other members of the United Nations system in order to prevent waste and duplication and to facilitate optimal use of resources within the country programme framework. That was why his delegation supported the redesignation of the resident representatives of UNDP as resident co-ordinators.

32. A matter of great relevance to his delegation was the increasing involvement of field offices in activities other than those of direct interest to UNDP. As indicated in document DP/510, paragraph 57, an estimated one third of field office staff time was now devoted to activities not directly related to UNDP as a funding source, including administrative, advisory, personnel, informational and representational services on behalf of other United Nations bodies and other development assistance programmes. Commendable as such activities might be, certain steps might become necessary to prevent the field offices from becoming fatigued, with adverse consequences in terms of both quantity and quality for the UNDP field programme. It might not be too early to speculate that UNDP would at some future time have to consider charging for the services its field offices performed on behalf of other agencies. In that connexion, reference should be made to the question of staff deployment by UNDP. The focus of UNDP activities was changing in terms of both the geographical location and the complexity of its programmes. A redeployment of staff, more in the nature of rationalization, was imperative, particularly in view of the need to keep the cost of delivery of services under control. It seemed to his delegation that the Regional Bureau for Asia and the Pacific was the most starved in terms of personnel, and the position should be rectified. He therefore categorically requested the Council, as he had already requested the Administrator and other officials, to strengthen the UNDP office in Dacca, where the commitment level had increased about 1,000 per cent in five years and would double in the next four years.

33. The United Nations Conference on the Least Developed Countries was scheduled to be held in Paris in September. It was clear from the preparations for the Conference that its major objective would be the mobilization of resources to raise the very low level of living conditions in those countries. In the view of his delegation, the time was ripe for a funding agency like UNDP to become more deeply involved in the Conference and its aftermath. UNDP had been providing adequate assistance and back-up support for the Conference, but a more substantive role in follow-up activities would perhaps be appropriate.

34. With regard to intercountry programming, he noted that the programme for the Asia-Pacific region had been conceived and prepared in an altogether new fashion. He strongly recommended the modalities of programme implementation outlined in document DP/523. The success of the programme would depend very largely on how the proposed modalities were actually followed.

(Mr. Muhith, Bangladesh)

35. His delegation has consistently advocated government execution of technical assistance projects, and it endorsed the recommendations in document DP/558. Government execution was the best vehicle for the achievement of self-reliance, the ultimate objective of all technical assistance programmes. But since that depended on the technical capability of a country, the process had to be gradual. The principle that self-execution should be the rule rather than the exception was a fundamental reform, and experience suggested that there was no better way to promote programme execution. His delegation considered that Governments should be compensated up to the limit of agency support costs for projects they themselves executed. He had noted with interest the ideas expressed on the project cycle and the submission of necessary documentation by stages. While it made sense to prepare the plan of operation when a project unit was in place, care should be taken to ensure that documentation by stages did not add to over-all documentation. His delegation had welcomed continuous programming and therefore saw merit in the suggestions made on monitoring and evaluation.

36. At its last session, the Council had considered documentation and the organization of sessions and had taken proper decisions. It should therefore proceed with further streamlining only in a gradual way. In view of the fact that member countries took a great deal of interest in the UNDP Governing Council, it might not be wise to constitute the Bureau except at regular sessions.

37. Mr. HAGGAG (Egypt) said that UNDP had become a major catalyst in the United Nations technical assistance and development system. Consequently, no effort should be spared to maintain and reinforce that crucial role in the forthcoming programming cycle, with due regard to the fundamental principles upon which the Programme was built, namely, its voluntary nature and its universal character.

38. The financial situation of the Programme was difficult, and he therefore reiterated the importance of meeting the 14 per cent over-all average annual growth rate for voluntary contributions, which would be instrumental in determining the scope, content and effectiveness of the programmes of UNDP as well as its dynamic role in over-all assistance activities of the United Nations system. For its part, Egypt had increased its voluntary contribution by 14 per cent and doubled its contribution to the expenses of the field office in Egypt. His Government was prepared to support the proposal that pledges should be made on a multiyear basis. Financing would be the main problem facing UNDP in the coming years, and he therefore appreciated the Canadian proposal that the Budgetary and Finance Committee should meet more frequently throughout the year.

39. He supported the Administrator's suggestions in documents DP/518 and Add.1, that greater flexibility should be allowed in the timing of country programmes in order to meet the different requirements of individual Governments and that a special meeting of the Governing Council should be held in February 1983 to facilitate the timely approval of new country programmes. He commended the efforts made by the Administrator to identify specific means for improving the country programming process as a basis for enhancing the quality and effective implementation of future UNDP technical co-operation. He noted with satisfaction

(Mr. Haggag, Egypt)

the progress made with regard to the United Nations Volunteers programme; his country intended to increase the number of volunteers placed at the disposal of the United Nations and hoped that other member countries would contribute more to the Special Voluntary Fund.

40. It was important to achieve the integration of women into the development process. The country programmes for Egypt in the second and third cycles contained projects designed to engage women in income-generating and other activities.

41. With regard to the African continent, he stressed the importance of increasing funds to support the Transport and Communications Decade in Africa as one of the most effective means for co-operation among African countries. He trusted that the Governing Council would take that into account during its deliberations. He also trusted that the Council would consider favourably the decision taken by Egypt in 1980 to increase the help it rendered to African liberation movements, especially to the people of Namibia, in accordance with the decisions adopted at the Nairobi meeting between OAU and the United Nations system in June 1980. He thanked the Administrator for his efforts to implement the General Assembly resolution on economic assistance to the Palestinian people.

42. Pre-investment activities were a major part of the mandate of UNDP, although in recent years the percentage of pre-investment projects had declined. The Council should pay particular attention to that matter. As indicated in document DP/521, pre-investment activity could be increased if more funds were available for co-operative arrangements. In that regard, he appreciated the useful efforts made by the Investment Development Office.

43. Not only were more resources required for assisting developing countries, but also greater understanding and technical knowledge of development issues and political determination were needed to remedy the existing situation. New ways and means must therefore be sought to make the decisions of the international institutions more effective.

44. Mrs. DORSET (Trinidad and Tobago) said that the Group of 77 had already made clear its position on the financial situation currently facing UNDP, and her delegation associated itself fully with that position.

45. In its decision 80/30, concerning preparations for the third programming cycle, the Governing Council had reached a consensus on the criteria and distribution of programme resources for the third cycle predicated, in particular, upon an over-all average annual growth of voluntary contributions and other programme resources of at least 14 per cent on a cumulative basis from the target level established for 1977-1981. The General Assembly had noted that target in its resolution 35/83. On the basis of the Administrator's consultations with all countries regarding their voluntary contributions, it seemed that that goal would be far from being attained.

(Mrs. Dorset, Trinidad and Tobago)

46. UNDP was unique among technical co-operation programmes in that the principle of universality was upheld and, in particular, that recipient countries were free to choose projects which were compatible with their development priorities. Adherence to the provisions of decision 80/30 in that regard was essential if UNDP was to continue to function in that unique manner. One consequence of any reduction in the size of the Programme would be that administrative costs would increase disproportionately in relation to the total resources administered by UNDP. She therefore urged that every effort should be made to streamline the organization at headquarters and to hold down administrative costs so that increased resources would be freed for implementation of projects in the field.

47. With respect to agenda item 5 (a), the Assistant Administrator had suggested that the Council should consider the question of the interim provision of funds towards projects with investment potential for which there was no provision in project budgets. Her delegation was of the view that such projects should be supported, but would wish to have further information as to the sources of such interim funding. The idea of training resident representatives and deputy resident representatives in pre-investment and investment techniques was a very worthy one and could result in the preparation of more comprehensive projects.

48. She was pleased to note that the Administrator proposed to apply to the Caribbean multi-island programme the principle that, once certain criteria were met, in no case would a country's IPF for the period 1982-1986 be less than its IPF for 1977-1981. She therefore endorsed the recommendation in document DP/519, paragraphs 48 and 49, that a supplement in the amount of \$4,516,000 should be made available for the Caribbean multi-island project in the third cycle.

49. On the question of the rationalization and streamlining of the Council's work, she believed that the reduction in the number of sessions held annually and in the duration of sessions was a step in the right direction. It was also good that the first week of the session should be devoted to the consideration of policy matters at a high level. However, to ensure that maximum benefit was derived from the restructured session, it was vital that documentation should be prepared and distributed well in advance. Her delegation also supported the idea of holding subject-oriented sessions, the value of which had already been demonstrated. For that reason, her delegation supported the convening of a special session early in 1983 to consider country programmes for the third cycle.

50. UNDP held a unique place in the United Nations system as the principal source of technical assistance for developing countries. However, if that role was to continue, all Governments, and particularly the traditional donors to the Programme, should make the necessary effort to help the Programme to overcome the resource mobilization difficulty which it was currently facing.

51. The PRESIDENT said that, in accordance with rule 7 of the rules of procedure, he would give the floor to the observer for Hungary.

52. Mr. RACZ (Observer for Hungary) said that his Government had always supported the increasingly effective work of UNDP because it considered that UNDP was the most important multilateral vehicle for development co-operation. That was a task in which the entire international community should participate, through bilateral or multilateral channels, and in which the recipient countries themselves should play a more active role. His delegation was gratified by the efforts made by the Administration to reduce administrative expenses, but considered that it should be possible to achieve further rationalization of the work of the Administration and the resident co-ordinators.

53. One fundamental aspect of the work of UNDP was the consensus demanded by development, as the Administrator had stressed in his opening statement. His Government endorsed the need for flexibility in the planning of country programmes and strongly endorsed UNDP's commitment to increase its assistance to the least developed countries, particularly those affected by natural disasters, as well as to newly independent countries and national liberation movements. His Government also welcomed the intergovernmental consultations on the European regional programme held in Geneva from 11 to 13 May 1981.

54. Some delegations had referred to the accumulation of non-convertible currencies as an obstacle. Nevertheless, contributions were voluntary both with regard to their size and the currency in which they were made. The countries of Eastern Europe had frequently been referred to as industrialized and developed. They could therefore offer goods, services and training, which was what UNDP actually transferred to recipient countries, and such contributions could not be considered non-convertible. For example, UNIDO had for several years used the whole of his country's contribution. If a just and equitable economic order and development were to be achieved, all resources should be fully used.

55. The PRESIDENT said that in accordance with rule 7 of the rules of procedure, he would give the floor to Mr Bassin, Observer for Finland.

56. Mr. BASSIN (Observer for Finland) said that he was concerned about the difficult situation with regard to the estimated resources available for the third programming cycle, which could affect the future of multilateral technical co-operation as a whole. In the current state of the world, which was beset by unprecedented economic and political difficulties, it was important to continue to offer such aid, which was relatively insulated from the political and commercial concerns of the donors. However, it would be prudent to refrain from any drastic decisions. It should be recalled that a pledging conference would be held before the start of the third cycle. Any reduction of IPFs could have far-reaching consequences for the credibility of the Programme in both donor and recipient countries. For the time being, the financial situation of UNDP was sound and almost all the commitments made for the second cycle could be met. Programming for the third cycle should thus continue at a level commensurate with anticipated resources. As it had stated on previous occasions, his country believed that any long-term solution to the problem of resources required modification of the funding basis of the Programme. His delegation supported the proposal made by Sweden for the holding of a further meeting of the Working Group.

(Mr. Bassin, Observer, Finland)

57. With respect to cost sharing, his delegation continued to consider country programming based on IPFs as an essential element in the work of UNDP and regarded cost sharing as merely a secondary activity. Moreover, cost sharing could divert administrative and planning resources from the IPF-funded part of the Programme. Furthermore, he supported the proposal that UNDP should administer possible global special purpose funds, since that would not place an excessive burden on UNDP's administrative machinery and would allow greater integration and coherence of United Nations development activities. The proliferation of such funds was a more serious problem. General Assembly resolution 35/81 was important with respect to resources, in that it was one of the measures which the Council could deal with in the short term. The resolution covered other questions such as the reduction of costs, harmonization of procedures, integration of activities at the country level and the designation of more resident co-ordinators. His delegation was satisfied with the measures already taken by the Administration. In particular, document DP/562 contained extremely interesting proposals which merited careful consideration by the Council. He endorsed the views of other speakers on the United Nations Conference on the Least Developed Countries.

58. It was essential that multilateral aid should continue to play its proper role. In the 1970s, multilateral aid had increased from 16 per cent to 30 per cent of all development assistance, but currently many donors seemed to place greater emphasis on bilateral and comparable programmes. The financial future of UNDP was closely linked to general trends in multilateral aid. General Assembly resolutions 33/201 and 35/81 formed an appropriate starting-point for consideration of that problem.

59. Mr. FRANCIS (New Zealand) said that he fully understood the concern expressed at the shortfall between projected income and expenditure. That was due to the deterioration in the world economy and the tendency of many donor countries to allocate a greater proportion of aid to bilateral programmes. Nevertheless, the needs of developing countries were very real and were increasing. It would be regrettable if the capacity of the United Nations to extend co-ordinated technical assistance was weakened at the very time when there was a growing awareness of the importance to the world economy of the economies of the developing countries and the well-being of their peoples. The problems raised were urgent and immediate, and the Administrator had made balanced and realistic comments. The current financial constraints placed an additional burden on the Administration, and he trusted that suggestions would be made to reduce the load placed on UNDP by the demands of the Governing Council, similar to those made to reduce country programme documentation. The whole of the United Nations system made demands on UNDP field offices, and reductions in that sector were thus impossible. Nevertheless, there were areas where improvements were possible and where some changes might be made in the items allocated to particular headings.

60. UNDP played a central role in multilateral technical co-operation, and the principle of country programming was no less important. It was an essential link between Governments and the United Nations system and allowed the priorities established by Governments to be met. It was the appropriate framework for the

(Mr. Francis, New Zealand)

co-ordination of activities in the interests of recipient countries in that it avoided any duplication of effort. His delegation therefore welcomed the importance accorded to rationalizing the work of the Governing Council and to using the resources at the United Nations system. The question of special funds was one of the issues raised by the Administrator. UNDP was the institution in the United Nations system with the broadest knowledge and experience on which to draw in servicing such funds. That would mean reductions in overhead costs and would improve the efficiency of the Programme.

61. Secondly, with respect to cost sharing, at a time when the resources available to the Programme fell short of needs, it might be of special value for the Programme to explore the possibility of developing more joint projects with bilateral donors. While that provided no answer to UNDP's current problems, it might offer greater flexibility in the allocation of resources. His Government had made such an arrangement with UNDP and was ready, with the agreement of recipient Governments, to join with them in further projects of that sort.

62. The changes in programme implementation proposed by the Administrator followed the general principle that projects should be designed so as to encourage self-reliance. His delegation supported those proposals, which were consistent with the principle that operational activities should contribute to the training of personnel in recipient countries.

63. Finally, with respect to the new procedure for intercountry programming, tested in the South Pacific, it had been shown that resources could be used productively in programmes which had been designed with the active participation of recipients and which served the needs of countries with similar environments and common problems. Its application in other regions could demonstrate its value and effectiveness.

64. Mr. RILEY (World Bank) said that the problems before the Council needed, in particular, answers from Governments. The role of the World Bank was a supporting one, which might prove useful in the discussions. The critical problem of the lack of resources available for development also confronted the World Bank, although on a different scale. For example, credits from the International Development Association, the Bank's soft loan facility, currently had to be approved conditionally and would not become effective until IDA resources were replenished.

65. As the representative of Pakistan had observed, it was unrealistic to compartmentalize the development process into distinct elements: pre-investment, investment, implementation, institution building, and so on. The process of development was a continuum, and there was abundant evidence of that in the partnership between UNDP and the World Bank, which went far beyond the role of the Bank as an executing agency or as provider of follow-up investment, both of which went back more than 20 years. Less well known was the extent to which over the past few years Bank borrowers had been using their loans as cost sharing to supplement UNDP funds for a wide range of technical assistance projects. A recent review had identified more than 30 ongoing cost-sharing projects, involving many

(Mr. Riley, World Bank)

executing agencies, together with Bank loans and IDA credits amounting to some \$28 million and an almost equal amount of UNDP grant funds. Some of those projects had also included cost sharing from bilateral funds. Some donor Governments had expressed an interest in making new funds available for cost sharing. The Bank welcomed that sort of non-traditional financing of technical co-operation. It provided evidence of the catalytic, multiplier effect of UNDP funding, cited by the representative of UNESCO. Nevertheless, it should be understood that such innovative arrangements could not replace UNDP's basic funding at the levels established by the Council.

66. Cost sharing not only contributed to better integration of various aspects of the development process, but also enhanced administrative efficiency in delivering assistance, benefiting both the recipient Government and the United Nations system. It should be noted that any restrictions and limitations on the use of UNDP assistance, whether in the context of cost sharing, or otherwise under the financial regulations, could have negative, disincentive effects on their use and reduce their effectiveness. The Bank trusted that the Council would be able to avoid, to the maximum extent, the imposition of such limiting restrictions.

67. UNDP's partnership with the World Bank had many dimensions. In addition to those already mentioned, they included the new training programme for UNDP resident representatives and deputy resident representatives at the World Bank's Economic Development Institute. The first two-week session had been completed the month before. There would be two additional sessions in 1981, and the Council had before it a proposal to extend the training into the following biennium. The Bank shared the optimism of the Administrator and his staff that that innovation, which had been approved only a year earlier, would significantly enhance the future integration of capital and technical assistance.

68. There were many other examples of the partnership between the Bank and UNDP. The documentation for the meeting identified many aspects which had been discussed on many prior occasions. The Bank was grateful for the support provided by UNDP by its funding of technical assistance, its administration of an effective network of field offices and, in appropriate cases, its implementation of projects, some of which involved Bank loans, in a timely, effective and imaginative fashion through its Office for Projects Execution. Those and many other examples made the partnership an active, dynamic and effective undertaking with many unique attributes. Yet the partnership depended, above all, on the strengthening of the Programme and adequate funding. That was the primary task before the Council.

69. Mr. KARASAKI (International Labour Organisation) said that, in accordance with the General Assembly resolution on the International Development Strategy, ILO considered that technical co-operation constituted a very important element in future development efforts and that the United Nations system had a primary role to play in meeting the requirements of the developing countries, especially the least developed. ILO thus fully endorsed and supported the plea made by the Administrator at the opening of the session of the Council concerning the importance of mobilizing the volume of resources which, it had been agreed at the

(Mr. Karasaki, ILO)

twenty-seventh session, would be needed to finance the third programming cycle. Agencies such as ILO were more conscious than ever of the need to continue their efforts to further enhance the effectiveness of their programmes, while paying due regard to their cost effectiveness.

70. ILO had recently been through a period of acute financial constraint requiring severe cutbacks in many of its activities. Those had largely been overcome, but the experience clearly showed that there was a level below which budgetary cuts could be counterproductive and have adverse long-term implications. Reductions in administrative and support costs could and must be achieved, but clearly not at the expense of maintaining the quality of the Programme itself.

71. The Director-General of ILO had assured the Administrator of his continued co-operation in achieving greater coherence within the system on the basis of the partnership principles to which those organizations were jointly committed. Partnership was the very essence of the United Nations development system and afforded, particularly at such a critical period of scarce financial resources, considerable scope for ensuring that such resources as were available within the system were put to optimum use.

72. What had to be more clearly recognized was that specialized agencies possessed unique knowledge and experience in their respective fields of competence and had a network of well-developed technical advisory services in the field. The question arose whether those services might not be better used in order to bring about better co-ordination of the activities of the United Nations system to achieve optimum results. The expected increase in government-executed projects seemed to call for much closer consultations within the system on the methods relating to such projects, and also offered a good opportunity for UNDP to join efforts with specialized agencies in carrying out, for example, training programmes in project design, monitoring and evaluation for the government officials concerned.

73. The system clearly had to make better use of its knowledge and experience, strengthening it where appropriate, but avoiding duplication through the creation of alternative mechanisms or the duplication of functions within existing mechanisms. Many speakers had also mentioned the possibility of streamlining current practices and improving joint efforts. Such measures were found to lead to an improvement in the over-all coherence and efficiency of the system. ILO would co-operate closely with UNDP and other members of the system to implement such measures by, inter alia, increasingly more effective use of such mechanisms as the Inter-Agency Task Force, particularly with regard to basic policy issues. He reiterated ILO's support for UNDP and its co-operation in pursuit of the overriding interests of the development assistance requirements of its members.

The meeting rose at 5.40 p.m.