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SUMMARY RECORD OF THE 717th MEETING

Held at Headquarters, New York,  
on Monday, 15 June 1981, at 3 p.m.

President: Mr. ABDULAH (Trinidad and Tobago)

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The meeting was called to order at 3.10 p.m.

OTHER FUNDS AND PROGRAMMES (continued)

(a) UNITED NATIONS FUND FOR POPULATION ACTIVITIES (continued)

1. Mr. WINDSOR (United Kingdom), referring to the report of the Executive Director on the future role of UNFPA (DP/530), said his delegation could generally support the goals suggested for the Fund in the 1980s. However, if the resource projections for the Fund were not fulfilled and UNFPA was forced to concentrate its efforts on much more limited activities, his delegation would wish the Fund to focus on its core activities, such as family planning and communications and education programmes, rather than on other programmes which, although important, were not the Fund's *raison d'être*. It would, for example, be more appropriate to finance from other sources activities such as those relating to the status of women and the integration of women in development.

2. His delegation fully endorsed the statement in paragraph 28 that UNFPA's programming was guided by the principles of neutrality, flexibility and universality, and particularly welcomed the intention to give particular attention in future to the absorptive capacity of developing countries.

3. While his delegation did not dissent from the Executive Director's recommendation in paragraph 116 that Alternative Four should be adopted, it would welcome further clarification in that regard. The five alternatives were based on the criteria used to draw up the initial list of priority countries. It would be interesting to learn whether any consideration had been given to the possibility of using other criteria, such as government policies and programmes, executing capacity and existing UNFPA support. In addition to the regional breakdown on page 1 of the annex, it would be helpful to have a list of the countries included under the various options, or at least the number of existing priority countries that would be included under each of the proposed alternatives.

4. His delegation welcomed the statement in paragraph 55 that support for work on migration, the advancement of women and population structure would be developed within the scope of the core programme, resources permitting, and not within the framework of special programmes. Although his delegation appreciated that lack of resources might affect the Fund's ability to provide assistance in connexion with censuses and with fertility, mortality and other population surveys, the support given in those areas in the past might render developing countries unable to do without some support in the future. His delegation supported the intention to build up indigenous research capability as described in paragraphs 63 to 67 on population dynamics, and considered that future areas of concern should include mortality.

5. It would be helpful if the Executive Director could provide more information about the possibility of increased support for the formulation and implementation of population policies. His delegation welcomed the proposals in paragraphs 76 to 86 of the report concerning the family planning sector, and in

(Mr. Windsor, United Kingdom)

particular the emphasis on strengthening services at the community level, which would be in keeping with the recommendations of the Jakarta Conference.

6. As indicated in an earlier statement, his delegation could not support an increase in the level of funds for intercountry programmes from 25 per cent to 30 per cent. However, it supported the continuation of assistance to programmes such as the WHO Special Programme of Research, Development and Research Training in Human Reproduction, which it regarded as very important. Indeed, it would be desirable for UNFPA assistance to that programme to be increased to \$2 million by 1982, if resources permitted. It was important to develop the capability of the developing countries to manufacture contraceptives, and his delegation therefore agreed with the proposals in paragraph 109.

7. With regard to large-scale projects and programmes, his delegation endorsed the project extension proposed in document DP/FPA/12/Add.16, subject to the availability of resources, and would like UNFPA to continue its support to that project beyond mid-1982. It would also be desirable to subject intercountry programmes to critical appraisal, especially as some agencies appeared to be relying mainly on the Fund to finance their own activities in the population field.

8. Mr. CABRERA (Mexico) said that, faced with various options in connexion with the formulation of population policy, his Government, in exercise of its sovereignty, had chosen the approach which related population to development and human rights, thus combining population policy with other policies. Mexico had received significant assistance from UNFPA in the formulation and implementation of population programmes that conformed to population policy. In a first stage, efforts had been focused almost exclusively on family planning, and the results were already becoming apparent. The rate of population growth had fallen from 3.2 per cent in 1976 to under 2.7 per cent in 1980. The organization and integration of population policy and family planning within the framework of development planning made it possible to speed up the process through the selection of objectives and methods adapted to the attainment of national goals.

9. In Mexico, population programming had progressed from the national level to the regional level. In that new phase, it had become clear that, although it was necessary to reduce fertility, that was not enough to ensure a harmonious relationship between population and development. The reduction in fertility in some parts of the country had been more than offset by migration, which encouraged high rates of growth. Population pressure was thus maintained, even though there had been fewer births in some areas. That indicated, on the one hand, that population policies should take both fertility and migration into account, and, on the other, that it was necessary to integrate population policies into economic and social programmes. In that context, his delegation welcomed UNFPA's intention to promote such objectives and to provide support for such integration.

10. Although everyone was fully aware of the financial problems facing the Fund, it was also necessary to bear in mind the fact that requests for technical and financial assistance would increase in the future. That could seriously affect

(Mr. Cabrera, Mexico)

country programmes and it was therefore necessary to appeal once again to all countries to increase their donations. Mexico would make its experience in the field of demographic programming available to any country which requested it and had also decided to increase its voluntary contribution to UNFPA.

11. In view of the current financial problems, it had been proposed that the duration of programmes should be reduced or extended. In order to decide what changes should be made, he proposed that the specific projects which might be subject to change should be studied with the countries concerned, that national agencies should execute the projects and that co-ordination among the various United Nations agencies should be intensified so as to avoid duplication and ensure greater compatibility of objectives.

12. With regard to regional programmes, he likewise suggested that selective criteria should be applied in connexion with the proposed cuts, since some programmes were of great potential benefit to the countries concerned. In Latin America, mention should be made of the Latin American Demographic Center (CELADE), which in a highly efficient way had given an impetus to the training and dissemination of methodology and experience in the demographic field. Future needs for skilled human resources in that field would be a decisive factor for the implementation and consolidation of population policies in the countries of the region.

13. His delegation was concerned that the application of the criteria for the selection of "non-priority" countries might result in the reduction or even elimination of co-operation and technical assistance. The principles on which that selection was based should be reviewed, so as to avoid an extreme situation in which a region might be virtually excluded despite the existence of serious population problems, as might be the case for Latin America.

14. Mr. ABELIN (Sweden) said that, at the time when UNFPA had been established, most donor agencies and international organizations had considered that population issues, and in particular family planning activities, were highly controversial, and the Fund's mandate and sphere of action had therefore deliberately been expressed in vague terms and its status, mandate and mode of action had never been articulated with those of other United Nations organizations. During its early years, the Fund's operations had focused on data collection, the creation of awareness and understanding of population issues, and promotion of the formulation and acceptance of national population policies and plans. Gradually, the Fund had branched out into population programmes and projects at the field level. Although that approach had been logical and even necessary at the time, it was clear that, in order to achieve a wider practical impact, it would be necessary to adopt new approaches based on concern for the interests and wishes of individuals and families.

15. The time was now ripe for reappraising UNFPA's mandate, policies and priorities and harmonizing them with those of other organizations. His delegation looked on the report on the role of UNFPA in the future as a first step in that direction and considered that the basic scheme of the reports was sound, inasmuch

(Mr. Abelin, Sweden)

as it was necessary for UNFPA to concentrate on a few specific goals and types of activities and provide support to a limited number of countries with urgent population problems and needs. With one or two exceptions, he had no difficulties in accepting the goals for UNFPA in the 1980s outlined in paragraphs 4 to 27 of document DP/530. In his delegation's view, the most important goals for the 1980s should be to reduce infant and maternal mortality, and to extend coverage of family planning services (and the linked information and education activities), to develop new contraceptives for men and women and to build up programme and project management capabilities of developing countries with a view to promoting self-reliance. Activities aiming at the creation of demographic awareness and the formulation of population policies should continue but should be tuned down in favour of field actions. It was necessary and important to promote the participation of women in all services, but that should not constitute a separate goal. If coverage could be extended sufficiently, there would be no need to address particularly the needs of various disadvantaged population groups, such as migrants, refugees and nomads.

16. With regard to programme strategies, UNFPA's programming approach was guided by the principles of "neutrality, flexibility and universality". His delegation was not convinced that those criteria were compatible with the drive for concentration and practical impact. In the interest of the developing countries, it would be preferable for UNFPA to be guided instead by the principles of participation, concentration on a limited number of goals and issues of proven practical importance and on strict application of pragmatic criterion. The needs assessment methodology had been a step forward when first adopted in 1977, but now that it had been applied in some 60 cases, its limitations had started to show up. In the years to come, it would be necessary to modify that methodology substantially so as to identify the priority needs, not the needs in general, of recipient countries and so as to pay due attention to limitations in their absorptive capacity and their commitment. Also, needs assessment should be based on a more realistic assessment of available financial resources.

17. The system for the selection of priority countries that had been applied since 1977 had turned out to be far from satisfactory. It was not possible to select priority countries on the basis of a few fairly arbitrary demographic and economic indicators. The five vaguely sketched alternatives submitted for the Council's consideration did not allow an enlightened discussion or the adoption of informed decisions at the current stage and suggested that the present selection system should be discarded. The alternatives gave no indication as to what countries or what kind of countries would be affected by the changes. His delegation suggested that, in order to achieve more satisfactory results with the limited resources available, a priority list should be drawn up encompassing no more than 15 to 20 populous countries with perceived population problems, proven commitment and established population programmes. Not later than three years after the adoption of a new priority list, two-thirds of UNFPA's resources for population activities at the country level should be devoted to programmes in those countries, and the analogy of the decision adopted by the Council in 1977.

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(Mr. Abelin, Sweden)

18. With regard to core programmes, the report recommended that the present five major programme areas (data collection, population dynamics, population policies, family planning programmes and population education and communication) should be kept, with minor shifts in emphasis and resource allocations. It also suggested that three special programmes relating to population aspects of the legal and social status of women, youth and aging should be set up. His delegation did not consider that there were sufficient reasons for setting up special programmes in any of the three areas and believed that population aspects of the status of women and youth problems could be handled within the regular core programmes. The shifts in emphasis between the regular core programmes were too modest to be effective. A much more radical shift was called for. The main emphasis should be on family planning services and population education and communication and from two thirds to three quarters of the total resources available for core programmes should be earmarked for those two programmes. With regard to communications, he shared the opinion that more realistic, i.e., more conservative, use should be made of modern communication hardware.

19. The Council was now being asked to reconsider its 1979 decision to maximize intercountry support at 25 per cent and to support instead a range of between 25 and 30 per cent. The difficulty in resolving that issue might well be due to the fact that the intercountry support heading covered a large number of sprawling and only loosely related activities. To simplify matters and to emphasize the importance of contraceptive development, his delegation suggested that research support should be delinked from intercountry support and that, e.g., 5 per cent of programme resources should be allocated for research in human reproduction (and related subjects).

20. His delegation whole-heartedly supported all the proposals concerning support to programme components, not least those relating to the appointment of local personnel and the provision of additional support to programme-related training in priority countries.

21. Although the issue was not raised in the report, he recalled that UNFPA formed an integral part of the United Nations system and that its activities should not represent duplications or compete with the efforts of other bodies. Consequently, it was necessary to examine in depth UNFPA's interrelationship with other United Nations bodies, in particular, WHO and UNICEF. It would also be useful to consider UNFPA's status in terms of fund or executing agency.

22. The PRESIDENT said that, in accordance with rule 7 of the rules of procedure, he gave the floor to Mr. Cineas, Observer for Haiti.

23. Mr. CINEAS (Haiti) emphasized the co-operation existing between UNFPA and the Government of Haiti, especially in the struggle against one of the fundamental causes of underdevelopment, namely, overpopulation. The density of his country's population, which came to 174 inhabitants per square kilometre and the concentration of the population in the capital, as a consequence of the high rate of population growth and the mountainous and arid character of the country's geography, made it necessary to establish strict control over the birth rate.

(Mr. Cineas, Haiti)

The first manifestation of UNFPA assistance to the Government of Haiti had been the organization of a census in 1971. That had been followed by other initiatives which had assisted the Government considerably in its economic development programme. For the period 1981 to 1984, Haiti planned, in co-operation with UNFPA, the execution of projects relating to maternal and child health, family planning and population research and analysis and the holding of a census in 1982. The Government accorded priority to those projects, because they would enable it to have precise data for reducing child mortality and promoting family planning and provide it, through an exact knowledge of the population distribution, with an essential element for the implementation of Haiti's social and economic development programme. UNFPA's programmes for Haiti had suffered delays in execution as a result of a decrease in the contributions of donor countries. He trusted that Haiti might, in the future, receive generous assistance which took into account the importance of the project which had to be carried out as an essential contribution to its economic development.

24. Mr. CHEN XINGNONG (China) said that the population increase which had taken place over the past decade and the consequences which it might have for the future had been the subject of growing attention on the part of Governments and the international community. Thanks to the joint efforts made, it had been possible to reduce the natural birth rate of the population, but not to the extent necessary. As was stated in the Executive Director's report for 1980, it was foreseen that in the year 2110, the world's population would be stabilized at 10.5 billion. However, 9.1 billion would be living in what were now developing countries, and more than 60 per cent of the world's population would be concentrated in the poorest regions of the world, namely, Africa and South Asia. Such an increase would have far-reaching consequences on the balance of human and other resources, and it was therefore a priority task to find ways to reduce the population growth rate in the next two decades.

25. It was gratifying to note that, in 1980, there had been 23 first-time donors and that, for 1981, there were nine additional first-time donors. The implementation rate for 1980 had been the highest attained thus far. UNFPA had increased its resources and activities considerably and it had become the largest multilateral agency of international assistance for population activities. However, pledges and contributions for 1980 had not increased as fast as had been hoped and since more requests could be expected from the developing countries available resources must be increased by 15 per cent annually in the period 1982-1985. In order to provide a surer base for assistance activities, it was necessary to increase the Operational Reserve. However, his delegation shared the view of other delegations that the increase should come from additional contributions from donor countries without detriment to the Fund's programme. The contradiction between the requirements of the developing countries and the availability of funds could be resolved if the developed countries were to give priority to the population problems of the developing countries and increase their financial support to UNFPA to enable it to meet the requirements of its expanding operational activities and if UNFPA were to concentrate on solving the most urgent population problems. The Fund should find ways to acquire additional financial resources. In the view of his delegation, a good way to do so would be through

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(Mr. Chen Xingnong, China)

bilateral and multilateral arrangements. In 1980, the Fund had obtained \$3.5 million through bilateral arrangements. At the same time, since the work programme of the Fund was approved on a multi-year basis while contributions were pledged on a yearly basis, the Fund should be granted the flexibility to make programme adjustments where necessary; such adjustments should be fair and equitable.

26. With regard to the revision of criteria for determining the priority countries, proposed in the report on the future role of UNFPA (DP/530), his delegation considered that the criteria should be revised as population and economic conditions in the developing countries changed. That should result in a balance between the need to continue giving priority assistance to countries with the most serious population problems and the need to be able to meet the requirements of other countries in that regard. His delegation hoped that the Governing Council would come to a consensus on the matter.

27. He noted with satisfaction the relations of co-operation between China and UNFPA. Under an agreement signed in September 1980, UNFPA would provide China with technical assistance in such areas as population census, family planning programmes, population education, research in reproductive endocrinology and the manufacture of contraceptives. The Chinese Government had taken a series of measures in order to ensure the success of those projects and all those projects were being implemented according to plan. However, the time-consuming process of equipment procurement coupled with the rise in prices had created some difficulties in the financing of some projects. His delegation hoped that UNFPA would assist in solving those problems. The country programme submitted by the Executive Director at the present session reflected the growing concern of countries regarding population matters. China supported the programme for Pakistan, Sri Lanka, Egypt, Bhutan and 11 other countries. It also supported the appropriations made for the World Fertility Survey. If everyone co-operated, his delegation was convinced that even greater successes could be scored in the years to come.

28. Mr. LINDORES (Canada) said there was no doubt that there was an ever-increasing demand for population assistance. UNFPA programming had increased substantially in response to that demand. On the other hand, actual resources had failed to keep pace with the Executive Director's revenue projections: in 1979, there had been a \$10 million shortfall and, in 1980, the shortfall had been \$20 million.

29. While Governments had urged caution regarding income projections they had perhaps not provided sufficient guidance to avoid the current imbalance between long-term programmes and available resources. That situation had resulted in a rephrasing of approved programmes up to 1987 and uncertainty as to how any new programmes could be accommodated in the immediate future. The task, therefore, at the present session was to take a close look at how to preserve UNFPA's strengths in the 1980s while providing more precise policy guidelines and financial control to tailor programmes to both needs and limited resources.



(Mr. Lindores, Canada)

30. In its revised format the report of the Executive Director was more comprehensive and the frankness of its comments on a number of problems and on the need to improve the quality of population education activities had been appreciated. On the other hand, while a great deal of attention was devoted to how UNFPA served as a world-wide centre for population information, very little space was given to evaluation. His delegation and others had asked that evaluation be a major element of all reports. It would also be helpful to have greater precision regarding the agencies and organizations that executed UNFPA projects. With reference to the basic needs assessments, while commending UNFPA for the number of missions which had been carried out, he said that it was not clear whether basic needs assessments for all priority countries had been completed.

31. Noting that there had been a 2 per cent decrease in family planning he expressed the hope that that was not indicative of a long-term trend. It was clear that a demand had been created for family planning assistance. That meant that provision of contraceptive supplies would create a heavy draw on UNFPA resources. Some countries might well be faced with shortages in contraceptive supplies and that could reduce to zero the gains of the past 10 years.

32. The regional overviews gave a general sense of trends of UNFPA assistance; however, they should be strengthened by including a breakdown of comparative allocations within each region according to priority, borderline and non-borderline countries. With regard to UNFPA's active involvement in many preparatory activities for world assemblies, his delegation had always considered that UNFPA's main task was to carry out operational activities in the field. While it was in favour of the organization of a second World Population Conference, his delegation felt that it might not be appropriate, at that time, for UNFPA to assume a significant role in organizing such a conference, given the critical status of UNFPA resources and programming.

33. Turning to the question of reprogramming, he said that there was not enough information at the present time to show how the rephrasing had taken place and what the impact of the rephrasing would be on individual country programmes. There appeared to have been a clear reversal in the directives on two key policy questions which had been given to the Executive Director over the past five years. First, in 1979, the decision had been taken that two thirds of total UNFPA country programme allocations should go to the 40 priority countries; a shift in that direction had occurred and the percentage had amounted to 55.6 per cent in 1979. But, in 1980, it had slipped suddenly to 42.2 per cent, the lowest level since 1976. Perhaps the time had come to reassess the criteria and to recognize that the Fund could not operate with a policy which had more exceptions than the rule. With regard to the second question, regional and intercountry activities, programmes had reached a high of 31.8 per cent in 1980. That, too, was contrary to the desires expressed by the Governing Council in recent years. There had been no agreement on any level over 30 per cent, and many delegations had recommended that it should remain between 20 and 25 per cent. Most of the projects fell within the Executive Director's delegated approval authority. It might be said that the decision-making process was so simple that it determined the orientation of programming activities. The programming guidelines which had been prepared in

(Mr. Lindores, Canada)

the past were not being applied satisfactorily. On the basis of available documentation, it was difficult to comprehend the implications of the situation in which UNFPA found itself, particularly in respect of six questions: (1) the cash flow situation, (2) the level of firm contractual commitments for the current and future years, (3) the status of projects, (4) the nature of reprogramming and whether new programmes could be accommodated, (5) the definition of an ongoing programme and (6) the holdings or undisbursed current year allocations by some of the executing agencies. That information should be provided before the Budget and Finance Committee considered the UNFPA item.

34. The UNFPA programme had five particular sectors on which he would like to comment. With regard to planning it was clear that there was an imbalance between programming and available resources, otherwise such major restructuring problems would not have arisen at the present session. He agreed with the comments concerning programming made by the representative of Mexico for he believed that UNFPA must consult other agencies and financial institutions carrying out activities in that field and co-ordinate its activities with theirs. With respect to implementation, commitments contracted with non-governmental organizations which played an important role as donors should not be reduced. The restructuring of the programmes indicated that there were and that there would be control problems and it would be important for the Council to have information concerning estimated commitments and expenses so as to determine what means were available to the Executive Director in taking decisions. With regard to evaluation, he was concerned at the lack of supplementary measures, for both the executing personnel and the Governing Council must have a steady flow of information on which to base their decisions. The evaluation capacity was small and should be strengthened. Finally, while there was no doubt as to the usefulness of the ongoing activities, he hoped that consideration would continue to be given in the future to the strengthening of the basic management sectors.

35. Mr. SWAYNI (Observer for the Syrian Arab Republic) said that his Government was giving considerable attention to the human resource aspects of social and economic development. It considered that the development of social infrastructure and services was a prerequisite for steady progress. Syria's objective was to achieve economic growth accompanied by full employment and equitable income distribution. Variables and indicators in all sectors of development planning were always taken into account. However, a comprehensive population policy had not yet been elaborated. The competent authorities were keenly aware of data needs and were interested in broadening national capabilities for data collection, analysis and utilization. A new computer and all the accessories that were needed to contribute to alleviating certain technical difficulties had been established under the Central Bureau of Statistics. However, Syria still needed a large number of demographers, statisticians and middle-level skilled personnel to cope with the analysis of data, particularly on the results of the 1980 census. The recommendations contained in document DP/FPA/12/Add.6 were very important to Syria's five-year development plan, and he hoped that the Council would take positive measures on them.

36. Mr. LAURIDSEN (Denmark) said that, in his opinion, population problems must continue to be a top global, regional and national priority. Whereas financial support for population activities in the 1970s had been sufficient, it was now inadequate.
37. The Fund had done much over the last two decades to change the attitudes of the international community. Denmark recognized the complexity of the population problem and believed that continued socio-economic development was a prerequisite for a solution to the various problems posed by population growth.
38. The reduction in the global population growth rate achieved some years previously had given rise to a feeling of optimism which, in the opinion of his Government, was far from founded in reality. Population growth in absolute numbers was higher than ever and was likely to grow for the next 20 years at least. That was what really counted; however, there had been an over-emphasis on the reduction in growth rates, and that had perhaps masked the magnitude and seriousness of the global problem. While addressing the challenges of the 1980s, one should not forget the long-term perspective. It was quite possible that before a stable situation could be reached, perhaps in 100 years or so, the global population would be three times the present size. Consequently, activities in support of increased awareness and understanding of population problems and issues must remain in the forefront.
39. Denmark had, together with the other Nordic countries, been a supporter of population activities for many years and had contributed to the Fund from its inception. On a per capita basis, Denmark was the third largest contributor to the Fund. Population, family planning and health activities were important features in the Danish development programme and continued to receive solid domestic support. As long as family planning activities remained a matter for an informed, voluntary decision by the individual or the family, Denmark would continue to support them.
40. Although document DP/530 was an improvement on an earlier text, it was still too long, too unfocused and lacking in innovative approaches. The Fund should not be expected to address so broad a spectrum of population issues as was implied in the document. There was a need for a more controlled focus, especially in view of present and future financial constraints. There was no discussion in the document of how the future activities of the Fund would reflect upon the administrative and managerial set-up of both the Fund's headquarters and the field offices. The division of labour within the United Nations system should be fully respected.
41. He believed that family planning, in the sense of activities with a direct impact on fertility, should be the Fund's first priority. Those activities must be an integrated, but strong, component of primary health care or maternal and child care and other development activities wherever appropriate. The services should be backed by communication and education activities, and national officers would need to be trained in population sciences. Denmark therefore proposed that the present family planning activities should be gradually increased over the decade, up to 60 per cent of the budget.

(Mr. Lauridsen, Denmark)

42. Inputs into activities having a remote or long-term relationship with fertility should be reduced. Consequently, his Government endorsed the suggested trend away from heavy support of censuses and the accompanying sophisticated hardware, a point which his delegation had made on previous occasions. Denmark favoured a greater emphasis on government self-reliance. The practice of paying so-called salary "incentives" should be discontinued as a matter of policy. To promote long-term self-sufficiency, he suggested a review of programmes with elements of cost recovery from recipients of services. He also suggested a continued reduction in the percentage of resources allocated for global and regional purposes in order to reach the previously agreed target of 25 per cent. His delegation supported the suggestion that infrastructure posts within other United Nations agencies should be phased out.

43. Denmark was in agreement with the discussion in document DP/530 on research in contraceptive technology and research in the application of present and future technologies. Denmark contributed to the WHO Special Programme on Human Reproduction and recommended that the Fund should continue its funding of the Programme and maintain close liaison with WHO on the subject.

44. Denmark favoured the system of priority countries, particularly as supported by needs assessment missions. While the need for objective criteria was appreciated, it should be borne in mind that, in selecting priority countries, quantitative criteria should be supplemented by qualitative criteria such as absorptive capacity, government commitment, existing support from other sources and actual and projected implementation rate. The Fund's investment in a given country should be in some proportion to that country's seriousness about population activities, as measured, for instance, by implementation. It was important that the Fund's inputs should produce the highest return. The programme support which a country received should be related to its firm commitment and absorptive capacity. It was important in that connexion that the Fund should monitor and fine-tune its country projects as the situation changed.

45. The importance of co-ordinating activities in the population field with other donor activities underlined the need for close co-operation with inputs from other programmes financed by the United Nations development system, non-governmental organizations and national authorities. That co-ordination was vital at all levels. At the country level, the Fund should rely heavily on the resident co-ordinator.

46. Despite those comments, his delegation felt that it was necessary to continue work on the report contained in document DP/530, and it was ready to participate in further discussions.

47. Where budget matters were concerned, the Fund's proposed 12-15 per cent annual budget increases were less realistic than the present situation warranted. Over-ambitious programming had led to curtailments and delays. That was a serious matter in itself, but even more serious in that recipient Governments planned related activities on wrong assumptions.

(Mr. Lauridsen, Denmark)

48. The material before the Council did not give a clear overview of the Fund's present commitments and present pipeline projects. Denmark supported the Swedish delegation's suggestion that the secretariat should provide, for the discussions in the Budget and Finance Committee, a comprehensive and easily accessible overview of the state of the programmes.

49. His delegation was in favour of a new World Population Conference in 1984, which should concentrate on a very limited number of issues directed towards the further implementation of the Plan of Action of the Bucharest Conference. As his delegation had stated in the Economic and Social Council, it supported the designation of the Population Commission as the preparatory committee and of the Department of International Economic and Social Affairs as co-ordinator; the Fund could provide valuable input to such a conference. The expenses for the Conference should be included in the regular United Nations budget; his delegation would not favour the allocation of extrabudgetary funds for that purpose.

50. Mr. ALBORNOZ (Ecuador), referring to project DP/FPA/12/Add.4 relating to the extension and expansion of integrated maternal and child health services in Ecuador, said that raising the standard of living was in itself a step towards solving the population explosion. The world-wide picture showed that countries with higher standards of living were not burdened by the population problems besetting less developed countries. The objectives of that particular project were (a) to improve urban and rural living standards and conditions, for the benefit of the disadvantaged sectors of the population; (b) to strengthen administrative and logistical structures; (c) to promote community participation in non-formal education and communication; (d) to improve training programmes; (e) to establish youth centres integrated into MCH and family planning services; and (f) to conduct operational research. All of that would be done with scrupulous respect for national institutions.

51. The second point to be noted was that the project, whose period of execution coincided with the Five-year Development Plan, would receive an allocation of \$2.8 million while the Government's contribution would be \$2.6 million or, in other words, a matching amount, indicating the great importance which the Government attached to the project.

52. At the beginning of the 1980s, UNDP could be proud of the work it had done, the problems it had overcome, the experience it had acquired and the increasing universality of its services to 157 countries and territories through 114 local offices. The Programme represented the concrete presence of the United Nations in the developing world and, for that reason, its growing vitality would be the best proof of a genuine will for co-operation between the industrialized countries and the developing countries.

53. Pursuant to Governing Council decision 80/30, which had evidenced the co-operation and understanding prevailing between the countries utilizing the services of the Programme and the major contributors, progress had been made in meeting the commitment to increase voluntary contributions and strengthen the central

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(Mr. Albornoz, Ecuador)

role of UNDP in multilateral and bilateral programming and technical co-operation, and emphasis had been put on the need to centralize in UNDP the responsibility for managing new international funds, the proliferation of which could give rise to unnecessary expenditure and bureaucratic machinery of a disproportionate size.

54. The countries of Latin America had supported decision 80/30, to the point of voluntarily accepting that most of them would be relegated to sharing a mere 20 per cent of total resources, while the more advanced Latin American countries had announced that they were approaching the level of net contributors. Significant in that respect was Venezuela's announcement that it would assume full responsibility for local costs. The Latin American countries were thus giving clear proof of their awareness and of the responsibility they shared with the lower-income countries, particularly in Africa and Asia, towards which the main flow of international co-operation contributions was being directed.

55. Similarly, progress was being made in Latin America with regard to the new approach involving technical co-operation among developing countries and economic co-operation among the peoples of the third world. That did not preclude or replace North-South co-operation, which was an expression of the wealthier countries' awareness of world solidarity and an investment for the common good and the reduction of tensions, leading to a world at peace.

56. Out of the same sense of responsibility and solidarity, Ecuador supported any action to concentrate funds and resources in UNDP. It was an absurd trend for various specialized agencies to establish parallel offices, entailing administrative costs which would be better used in providing real services to the countries concerned.

57. In that process, the countries of Latin America had done their share and had fulfilled their commitment, as could be seen from the significant increase in voluntary contributions for 1981 (14 per cent in most cases and as much as 100 per cent in some). Moreover, as noted by the Administrator of UNDP in his 1980 report, the countries of the region had continued to make further contributions through the cost-sharing system, as a result of which they had managed to contribute about 23 per cent of the Programme's resources in the region.

58. The Latin American countries had also shown their capacity to absorb and utilize the Programme's inputs. Increasingly, every dollar of UNDP services was taking on the aspect of "seed money", with a multiplier effect of as much as 10 to 1 in some countries and of more than 4 to 1 for the region as a whole. Yet far greater than the financial value of the Programme's contribution, which in most cases was expressed in amounts that were frozen in real terms, was the cohesive value of national and international co-operation for development, an essential function of UNDP as the central co-ordinating and support agency for the efforts made by each Government to achieve its own objectives.

59. It would be a serious mistake to reduce the allocations to Latin American countries which were already minimal. Any such reduction would be harmful, premature and unnecessary: harmful because it would affect ongoing five-year plans

(Mr. Albornoz, Ecuador)

with sizable national financial and institutional inputs, as in the case of Ecuador; premature because the Pledging Conference for 1982 had not even been held and it must not be assumed in advance that reductions would be necessary, since the cycle would have to be reviewed in its entirety and evaluated more accurately at mid-cycle; and unnecessary because the planning of allocations could perfectly well continue for the sake of good order while real costs could be held down during the first two years of implementation so that the usual delays in implementation would serve to balance costs against the real income of the Programme.

60. Consequently, Ecuador, together with the other countries of the Latin American Group, believed that it would be more prudent and constructive to postpone a review of the levels of country allocations and of the administrative costs of UNDP headquarters, executing agencies and local offices until the second year of the third cycle. An appeal should also be made to the international sentiments of the four or five principal donors for an effort to increase their contributions, in keeping with the praiseworthy example set by the Scandinavian countries, to which Ecuador and the Latin American Group as a whole had repeatedly expressed their appreciation and approbation, particularly in view of the fact that they had succeeded in making a reality of the 7 per cent target for official development assistance proposed in the International Development Strategy.

(b) UNITED NATIONS VOLUNTEERS

(c) UNITED NATIONS CAPITAL DEVELOPMENT FUND

(d) UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

(e) UNITED NATIONS INTERIM FUND FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

61. Mr. MORSE (Administrator, United Nations Development Programme), introducing agenda item 7 (b), (c), (d) and (e), said that 1981 marked the tenth anniversary of the United Nations Volunteers programme, which over the past few years had emerged as one of the most dynamic and fast-growing forces within UNDP. That very month, the programme would pass another important milestone when for the first time the target of 1,000 volunteers serving in the field would be exceeded. That number was particularly impressive if one considered that at its session in June 1979 the Governing Council had established it as a target to be achieved by 1983. The rapid growth over the past few years did not mean in any way that quality had been sacrificed to quantity. On the contrary, the expansion of the programme must be interpreted as a reflection of its capacity to satisfy a multitude of needs for development co-operation in a prompt and cost-effective manner. He was confident that if only the genuine needs of developing countries were allowed to determine the fate of the United Nations Volunteers programme it would continue to grow and prosper. But such dynamism and growth could be secured only if sufficient funds and staff resources were made available to the programme by donor Governments.

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(Mr. Morse)

62. Turning to item 7 (c), he said that the United Nations Capital Development Fund was administered by UNDP in accordance with General Assembly resolution 2321 (XXII). The Fund had been established by the General Assembly in 1966 for the purpose of providing the developing countries with a supplementary source of capital assistance to achieve accelerated and self-sustained growth. Since 1975, the Fund's assistance had been directed first and foremost to the least developed countries.

63. The first 10 years of the Fund's existence had been difficult ones owing to the lack of resources, but following reorientation of its activities in 1975 steady progress had been registered every year. In 1975, for example, the Fund's cumulative resources had totalled only \$20 million for 25 projects in nine countries. By the end of 1980, cumulative resources had totalled \$122.4 million for 168 projects in 35 countries, involving commitments of \$165.2 million. Although the growth in resources had been due primarily to the generous support of a number of major donor countries, it was important to note that the developing countries had, from the outset, contributed to the Fund's resources. In 1980, 28 of the 36 contributors to the Fund had been developing countries, thus demonstrating the importance which both donor and recipient countries attached to the role and activities of the Fund.

64. The Fund's programming and delivery capacity had increased markedly in 1980-1981, owing in large measure to the introduction of the partial funding system which the Council had approved in 1979 for an experimental period of two years. That system had enabled the Fund to tackle the problem of the low disbursement rate, while at the same time enlarging the scope of its programme activities to cover all the officially designated least developed countries, as well as other developing countries which the General Assembly had directed should be given similar consideration. With continuation of the partial funding system, the Fund expected to maintain the accelerated rate of disbursements registered in 1980 and to solve the problem of accumulated liquidity by 1983.

65. The Fund had several unique characteristics that enabled it to complement the activities of other multilateral financing institutions working in the field of economic and social development: its country coverage enabled it to concentrate its attention on the special needs of the least developed countries; its assistance could take the form of grants and soft loans for activities aimed at achieving self-sustained economic growth; it financed small-scale projects below the minimum usually established by traditional financing institutions; its organizational links with UNDP permitted complementarity between the Fund's capital assistance programmes and UNDP-financed technical assistance, and containment of the Fund's administrative costs through reliance on UNDP's field network and headquarters central services. While the Fund had registered a rapid and significant rate of growth, its resources still fell far short of the requirements of the least developed countries for capital assistance of the unique kind the Fund provided. Annual contributions to the Fund represented less than \$1 million per country per year; on the basis of the total population of the least developed countries, that was equivalent to 10 cents per capita per year. Those figures illustrated the need for a substantial increase in the level of resources to enable the Fund to contribute in a more significant manner to the development of the least developed countries.

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(Mr. Morse)

66. With regard to the United Nations Revolving Fund for Natural Resources Exploration, he said that after six years of operations the Fund had come of age and was now able to operate at a reasonable level of new projects which, in fact, could surpass the amount of financial resources at its disposal. The fact that the Fund was a viable and effective operation had been confirmed by the Group of Government Experts which had reviewed its operations in January 1981 (E/1981/28). Document DP/538 contained his recommendations on the action by the Governing Council that was needed to expand the Fund's scope of activities. Implementation of those recommendations would be very positive for the future growth of the Revolving Fund, and that growth in turn would depend largely on the will of Governments to provide increased and new pledges of funding.

67. Mr. THYNESS (Assistant Administrator) said that the manner in which the Bureau for Special Activities administered special funds was based on the principle of additionality, avoiding duplication of effort or jurisdictional disputes. Close co-operation had been established between the funds and the Bureau and, through it, between the funds and the higher administrative organs of UNDP. Activities had expanded without any unnecessary restrictions, and the funds could be said to be fulfilling the purpose for which they had been set up.

68. The Governing Council had before it the report of the Working Group of Government Experts which had been convened pursuant to Economic and Social Council resolution 1762 (LIV). Since the Revolving Fund was an instrument of a very different kind from other instruments of the United Nations, it had been agreed that practical experience would be necessary in order to settle the functions and procedural requirements of the Fund. The Fund's basic mandate under Economic and Social Council resolution 1762 (LIV) comprised "mineral, water and energy resources". One of the main questions considered by the Group of Government Experts had therefore been whether or not to enlarge the Fund's operational mandate, which the Governing Council of UNDP, to which the Fund had been entrusted, had decided should be limited to solid minerals. As a result of that decision, the Group had had to deliberate on continuation of the uniform rate of 2 per cent of the value of minerals produced for 15 years as the level of contributions by recipient Governments on successful projects, and on appropriate formulae for the Fund's activities in areas other than solid minerals. Finally, the Group had been asked to address itself to the institutional arrangements for the Fund within the United Nations system.

69. In considering the scope and functions of the Fund, the Group had addressed itself to the possible vertical expansion within the solid mineral sector and had recognized that the United Nations system, most clearly through the Department of Technical Co-operation for Development, had ample competence to assist developing countries in mapping, institution-building, training and research and planning and administration, making it unnecessary for the work of the Fund to be directed towards such activities. The Group had, however, given special attention to the need for assistance to bring the stages of exploration and exploitation closer together. The Fund had a useful role to play in that regard, although in most cases such assistance was readily available through UNDP and DTCD. With respect to horizontal expansion, the Group had supported limited involvement of the Fund

(Mr. Thyness)

in hydrocarbon exploration, subject to further study by a group of petroleum experts and on the assumption that adequate funding could be made available. It had also recommended expansion of the Fund's scope into geothermal exploration, oriented towards power generation and thermal energy production. Needless to say, any such activities would be undertaken in the light of whatever decisions might be taken at the Conference on New and Renewable Sources of Energy.

70. As to the replenishment system, the Group had recommended that the uniform rate of 2 per cent for 15 years should continue to be applied to solid minerals until more tangible experience had been obtained, but it had suggested a concessional rate of 1 per cent for the least developed countries.

71. When the Fund had been established, no ceiling had been set on the amount which a recipient Government should be required to repay. The Group had been in favour of fixing a ceiling at 10 times the Fund's original investment for solid minerals, which could lead to the submission of more quality projects and thus to a higher success ratio. In the case of feasibility studies, a formula based on reimbursement of cost plus interest had been proposed. With respect to geothermal projects, it had been suggested that 5 per cent of the value of the energy produced, payable for 15 years, would be appropriate.

72. The Working Group had recognized that the Fund's experience to date was limited, primarily because with the innovative features of the Fund it took time to gain the acceptance of potential recipients of assistance, while donors tended to want to see results before giving support to a new venture. Nevertheless, the experience gained had enabled the Group to make recommendations on the Fund's activities and on replenishment and, now that the Fund had proved its usefulness, an appeal could be made for wider donor support to allow it to continue and expand its activities.

73. On the question of institutional arrangements, the Group had taken note of the fact that UNDP had assisted the Fund in carrying out its managerial and financial responsibilities, and had agreed that the Fund should maintain a core of technical staff to ensure the direction of all aspects of project selection, financing and management. It had further agreed that maximum use should be made of the technical services of the Natural Resources and Energy Division of the Department of Technical Co-operation for Development, and had suggested that the arrangements concerning the Joint Operations Group should be strengthened and that, when DTCD, the World Bank and UNDP met with the Fund, the Joint Operations Group should be chaired by the Administrator of UNDP or his representative.

74. UNDP considered the report of the Group of Government Experts to be constructive, and in order to implement its recommendations the Administrator, in document DP/538, requested authorization by the Governing Council to make a number of changes in document DP/142, concerning the operational procedures and administrative arrangements of the Fund, and three changes in Economic and Social Council resolution 1762 (LIV).

(Mr. Thyness)

75. With regard to the operational procedures and administrative arrangements of the Fund, the recommended changes were contained in paragraph 3 of document DP/538. Paragraph (c) referred to the extension of the Fund's activities, including the exploitation of geothermal energy and the negotiation of a replenishment contribution for such activities; paragraph (d) recommended the inclusion of hydrocarbon exploration; paragraph (h) recommended a reduction of replenishment contributions in the case of the least developed countries; paragraph (i) suggested a ceiling on replenishment contributions; and paragraph (j) referred to the question of the chairmanship of the Joint Operations Group. With regard to the last point, the Group of Experts, considering that the question of co-operation between the Fund and other organizations of the United Nations system formed part of its mandate, had deemed it appropriate to give some indication in paragraphs (e), (f) and (g) on the position which the Fund should occupy in relation to UNDP, UNDTCD and the Division for Natural Resources and Energy. In order to ensure that those general guidelines were transformed into practice, the experts had thought it useful to bring the Administrator into closer contact with the Fund's activities. As the Fund was now established on an operating level of six new projects a year, the objectives of co-operation and the modalities for it could be most harmoniously worked out in the Joint Operations Group where DTCD and the Division for Natural Resources and Energy and the World Bank had permanent seats. Those arrangements would be implemented to the maximum benefit of the developing countries.

76. Those modifications called, in turn, for some modification in Economic and Social Council resolution 1762 (LIV). In paragraph 1, subparagraph (h) (ii), the words "a percentage of the value of natural resources produced under projects assisted by the Fund" would have to be deleted, since they would be incompatible with a vertical and horizontal expansion into geothermal and hydrocarbon sources of energy, as proposed by the Group of Experts. The change proposed in paragraph 1 (i) had basically the same thrust and would replace the repayment formula originally proposed in the note by the Secretary-General (E/5270) by that provided for in document DP/142.

77. The Group of Experts considered that the Governing Council of UNDP should continue as the governing body of the Fund, not only on a provisional basis as provided for in paragraph 1 (m) of resolution 1762 (LIV).

78. He drew the attention of the Governing Council to the appeal for new contributions contained in paragraph 4 of the resolution recommended by the Working Group of Government Experts to the Economic and Social Council. The Revolving Fund was a constructive instrument to combine the interests of the industrialized and the developing world. It had gained a large measure of acceptance among developing countries, and he was convinced that it would receive significant contributions to enable it to carry out its mandate. Natural resource exploration was an extremely high-risk business which developing countries would be reluctant to pursue with their limited resources. But the discovery of new natural resources was in the interest of all. The limited contributions necessary for the Fund to continue to operate at its present level of activity was not something that should strain the resources of donor countries unduly; their contributions would be a significant addition to development efforts.

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79. Mr. KOBAYASHI (Director, United Nations Revolving Fund for Natural Resources) said that, as a consequence of Governing Council decision 80/29, the Administrator had approved minimum work programmes in Benin, Congo and Mali, for which the Council was requested to approve the possible maximum allocation. In that regard, he emphasized that operational flexibility was most important. The delegation of authority to the Administrator had provided the required impetus to prepare for projects start up. It was necessary to maintain that flexibility in establishing the phases of a project, because, once it was operational, it was more difficult to plan with precision future requirements, since the specific nature of the work was to a large extent dependent on analysis of the results. It was also essential to be able to revise the timing of future activities. The Administrator, therefore, was requesting additional approval authority.

80. One year earlier, the Fund had had three operational projects. It was now executing nine major exploration projects in various regions and would soon start up two more projects. It was important to build on the present momentum. Consequently, there was a need to assist Governments in the identification of possible mineral exploration projects. From the numerous contacts established by the Fund with officials from developing countries it was evident that there was an increased awareness by Governments of the importance of identifying and exploring their natural resources and that the Fund could play an important role in that process. The unique procedures of the Fund had gained considerable acceptance, particularly for high-risk undertakings. It was also evident that countries with little or no mining experience did not readily attract financing from traditional sources.

81. Unquestionably, the scarcity of risk capital continued to be a limiting factor to natural resource exploration in developing countries. Within the United Nations system, funding from the IPF was scarce, and countries might be hesitant to assign IPF funds to high-risk exploration. Bilateral funding was also far from sufficient to meet the immense requirements of the developing countries.

82. The Fund had established a target of six project approvals annually, which would lead to an average of 18 operational projects at any one time. In that way, the Fund would be in a position to develop in an increasing number of countries one or more projects which, when completed, would provide the base for future replenishment contributions.

83. As had been recognized at the time of the Fund's creation, replenishment contributions of funds derived from completed projects could only become a significant factor in the long term. The present financial situation of the Fund was not conducive to forward planning, and the bottom line was that the Fund could only continue into 1982 with the target level of project approvals already mentioned if additional contributions were pledged. Otherwise, the Fund would have to cut back on project approvals and thus close the window of access to high-risk funds to the developing countries when they were so sorely needed. The Fund was looking to alternative approaches to secure funding over the short term, and initial discussions had taken place with several Governments to explore possibilities of co-financing, in which some Governments had expressed a definite interest.

(Mr. Kobayashi)

84. Efforts to promote efficient management of the Fund were the subject of persistent concern. At a time when the entire United Nations system was faced with increasing financial constraints, it was all the more important to control costs and to seek new mechanisms of co-operation within the United Nations family in order to deliver a quality and cost efficient programme.

85. Mr. MAGDI (Executive Secretary, United Nations Capital Development Fund), referring to the Administrator's report of the Fund's activities in 1980 (DP/536), said that 1980 had marked the Fund's fifth year of full-scale operations; in many respects it had been a critical year, with a number of significant achievements underscoring the fact that the Fund was now a fully viable institution and an increasingly effective source of supplementary capital assistance for the developing countries, and in particular the least developed countries.

86. During that five-year period, the Fund had endeavoured to make an increasingly effective contribution to the development efforts of recipient Governments in two crucial areas: first, in meeting the basic needs of their peoples through the strengthening of the whole social infrastructure, the provision of grant assistance for primary health care, the supply of safe drinking water, the construction of low-cost housing, slum rehabilitation and employment; and, secondly, by diversification of their economies and the widening of their revenue base by development of the productive sectors, particularly agriculture and small-scale industries and by strengthening the economic infrastructure needed for sustained growth.

87. The growth of the Fund's resources, coupled with implementation of the partial funding system, had enabled the Fund to extend its scope and to increase its programme significantly. In 1975, for example, the Fund's cumulative resources had totalled only \$20 million for 25 projects in nine countries. By the end of 1980, cumulative resources had amounted to \$122.4 million for 168 projects in 35 countries, involving commitments of \$165.2 million.

88. The Fund had substantially increased its disbursements for programmes, from \$8.9 million in 1979 to \$19.8 million in 1980, which represented an increase of approximately 122 per cent over the previous year. The disbursement rate had also improved significantly, going from 29 per cent of total annual resources in 1979 to 51 per cent in 1980.

89. That acceleration in the disbursement rate had continued in 1980. In the first quarter of that year, disbursements had totalled \$17.4 million and were expected to reach \$45 million by the end of the year. That represented an increase of 127 per cent over 1980 disbursements and 111 per cent of 1981 resources, thus achieving for the first time an appreciable impact on the problem of accumulated liquidity. In tackling the liquidity problem, the Fund had not compromised on the quality of its programmes, an aspect that was and would continue to be one of overriding concern to the Fund.

90. In that context, a number of important changes had been introduced in the Fund's operational policies and procedures, in order to ensure responsiveness to

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(Mr. Magdi)

the evolving needs of beneficiary countries. In developing those operational policies, the Fund had been guided primarily by General Assembly directives calling for consideration to be accorded first and foremost to the least developed countries. That group included the 30 countries officially so designated, as well as other countries which the General Assembly had directed should be given similar consideration.

91. Within that general framework, the Fund had established the following policies and criteria in selecting projects for appraisal and approval: first, projects should be identified by the Government, which determined the degree of priority attached to each one within the context of the country's over-all socio-economic objectives; projects should be formulated by the Fund in close collaboration with the government services concerned and in co-operation with the UNDP resident representative. Second, projects should be designed to bring early and direct benefits, particularly to low-income and other vulnerable groups, so that they could become more productive and thereby contribute to the country's development. Third, projects must provide for maximum participation of the beneficiary groups in their implementation, with maximum use of local resources. Fourth, project inputs financed by the Fund should not normally exceed \$2 million per project. If, however, the Fund undertook larger projects in order to respond to the requirements of Governments, other sources of financing might be invited to participate in co-financing arrangements for such projects. Fifth, project execution remained the primary responsibility of the Government; implementation services were provided by agencies of the United Nations system and other international co-operating agencies only when national capabilities needed to be reinforced. Sixth, while cost-benefit analyses and internal rates of return were usually part of the supporting data for projects, they were not decisive factors in project approval. The Fund required that projects should have high government priority, be technically sound and economically justifiable and that the Government should be prepared and able to meet recurring costs after the Fund's assistance terminated.

92. As indicated in the Administrator's report, a number of parallel steps had been taken to strengthen the organization of the Fund. Thanks to the support of the Governing Council, as reflected in its decision 79/21, the Fund had been given the necessary flexibility to mobilize additional administrative resources and it had thus been able to reorganize its structure and streamline the various staff functions and responsibilities which had a direct bearing on programme delivery, both quantitatively and qualitatively. In so doing, the Fund had exercised and would continue to exercise maximum prudence in order to ensure effective programme delivery in the most economic and efficient manner.

93. Improved monitoring, combined with field missions by UNCDF staff, had contributed to diminishing operational bottle-necks. At the same time, the groundwork had been laid for improving the process of project preparation and appraisal in order to ensure speedy implementation soon after approval. Such efforts, as had been indicated, had resulted in doubling project expenditures and it was likely that in 1981 an even more significant rate of programme delivery could be achieved.

(Mr. Magdi)

94. Among the measures introduced by the Fund in order to increase programme delivery was an initiative which would greatly facilitate its task. A major factor contributing to the lengthy time-lag between project approval and commencement of disbursements had been the negotiation of grant agreements. Because the Fund was not covered by the UNDP Basic Agreement with Governments, its grant agreements had had to incorporate the detailed legal provisions governing UNCDF assistance, in addition to the specific operational provisions governing a particular project. In most cases, grant agreements were currently subject to government approval at the cabinet level and in some instances required signature by the Head of State. That process could take 9 to 12 months. On the basis of consultations with a number of Governments and resident representatives, the Administrator had decided that the Fund should conclude a Basic Agreement with recipient Governments which would contain all the general legal provisions governing its assistance. Over the past few months, discussions on the proposed Basic Agreement had been held with quite a few Governments and all, without exception, had welcomed that initiative and expected that it would greatly reduce delays in project implementation. Within the next few days, the Administrator would transmit the Basic Agreement to resident representatives for negotiations with Governments receiving assistance from the Fund. Once the Basic Agreement was signed, the Fund and recipient Governments would be able to conclude a brief project agreement for each approved project which would not require the current laborious process of review.

95. With reference to document DP/INF/34 on the implementation of the partial funding system, the Council had approved at its twenty-sixth session, in June 1979, the change from full funding for projects to a partial funding system for an experimental period of two years. The basic consideration underlying the Council's decision had been the need to increase the level of project disbursements to absorb accumulated liquidity that had resulted from the full funding policy. The report described the measures taken by the Fund to implement the Council's decision, including the establishment of a fully funded operational reserve and appropriate management reporting and financial control systems designed to ensure the financial integrity of the Fund at all times.

96. The results achieved in 1980 in terms of programme delivery, which he had already mentioned, had been possible owing primarily to application of the partial funding system, and with its continuation it was expected that accumulated liquidity would have been almost eliminated by 1983. In view of the very positive results, the Council was strongly urged to authorize continuation of the partial funding system, as a general policy for the financing of the Fund's operations in the future, with the understanding that the Fund would continue the financial control and monitoring systems already established to ensure the financial integrity of the Fund at all times.

97. He underscored the importance of the close and continuing operation between UNDP and the Fund, which had enabled the Fund to benefit from UNDP's substantive and operational experience, as well as from the extensive network of field offices which provided invaluable support to activities financed by the Fund. That organizational link with UNDP had helped to ensure that the technical co-operation activities financed by UNDP and the Fund's capital assistance complemented each other.

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(Mr. Magdi)

98. The Fund was also seeking to strengthen its co-operative relationship with other agencies of the United Nations system, in particular the regional economic commissions and the World Bank, as well as other multilateral and bilateral financing institutions.

99. As had been noted in the annual report, large-scale development activities, such as those foreseen in General Assembly resolution 2186 (XXI) establishing the Fund, required financial resources far beyond what UNCDF had been able to muster. Although the Fund was currently concentrating its assistance on the least developed countries, it was still faced with a formidable challenge since there was no other multilateral financing institution exclusively devoted to providing concessional capital assistance to the least developed countries.

100. The Fund's programming and operational experience in the least developed countries had developed to a point where it could be in a position to manage a substantially higher volume of resources to respond to their pressing needs. With expanded support, UNCDF could become a vital part of future efforts to channel substantial additional resources to those countries.

101. Within that context, the United Nations Conference on the Least Developed Countries, scheduled for September 1981, had special significance for UNCDF, and the Fund therefore planned to take an active part in it and expected to play a significant role in the follow-up to the recommendations of the Conference.

102. Since its establishment, the Fund had made substantial progress, which the Council could evaluate on the basis of the two reports before it. The Fund would spare no effort to continue to improve the timeliness and quality of its assistance, with the guidance and support of the Council.

The meeting rose at 6.15 p.m.