GOVERNING COUNCIL

Thirtieth session

SUMMARY RECORD OF THE 12th MEETING

Held at Headquarters, New York,
on Tuesday, 7 June 1983, at 3 p.m.

President: Mr. SLIM (Tunisia)

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

POLICY REVIEW: MEASURES TO MOBILIZE INCREASED RESOURCES FOR UNDP ON AN INCREASINGLY PREDICTABLE, CONTINUOUS AND ASSURED BASIS (continued) (DP/1983/5 and 69; DP/1983/ICW/6, 7, 8 and Corr.1, 11, 12 and 13)

General debate (continued)

1. Mr. NATORF (Poland) said that the primary responsibility of and challenge to the Governing Council was to retain and enhance the viability, integrity and growth of the Programme, bearing in mind its unique role in promoting multilateral technical co-operation among all countries, regardless of their economic and social systems, and in helping to build material foundations for world peace, an essential condition for the social and economic development of every nation. If UNDP was to perform its task as the central funding and co-ordinating body for technical co-operation within the United Nations system, the basic principle of the universal and voluntary nature of the Programme must be preserved, in keeping with the 1970 Consensus.

2. All countries were concerned about the difficult financial situation confronting UNDP. The implications of the drastic reduction in the illustrative IPFs were serious, and his delegation hoped that the crisis would soon be over. His country attached great importance to UNDP's activities and, despite its own severe economic problems, had decided to raise its 1983 pledge by 20 per cent over the 1982 figure. One factor which would improve the financial situation of UNDP was the use of all funds at the disposal of the Administrator, particularly those contributed in non-convertible currencies. Each country that made contributions to UNDP in those currencies had its own specific possibilities for their use. Poland had made many practical proposals on that subject and hoped that the problem would soon be solved in a way acceptable to countries contributing in non-convertible currencies and fruitful for all interested parties.

3. His delegation attached great importance to the implementation of regional programmes. A number of projects in the European regional programme were extremely useful; in particular, further financing should be provided for the Trans-European Motorway project, which was valuable not only because of its economic and social achievements but also as a good example of multilateral co-operation among 10 European countries.

4. With regard to the problems of programming and programme implementation, he fully agreed with the ideas expressed by the Administrator in paragraph 58 of his report (DP/1983/6). For the reasons mentioned in that report, the share of equipment and other components in the approved project should not be limited. The final decision should be taken by the country concerned on the basis of an analysis of its existing needs.

5. With regard to the recommendations of the Intersessional Committee of the Whole on the future of UNDP, he said that the strength of UNDP in future would...
depend on preserving the principles of the 1970 Consensus, which laid down the right of each participant in the Programme to decide on the size of its contribution and the currency of its pledges, his delegation found it difficult to accept multi-year pledging, including pledges in special drawing rights, because that would run counter to the principle of voluntary pledging and to current UNDP practice. For the same reason, it could not support the proposed system of consultations among participants in the Programme aimed at achieving consensus on the required additional pledges. His delegation was not against the proposal to maintain "the real value of contributions" as a minimum objective. The idea of having the UNDP field office network provide certain services at cost to recipient and donor Governments still seemed to be a preliminary one and needed further study before being introduced on an experimental basis.

6. His delegation noted with satisfaction that the Intersessional Committee of the Whole had paid considerable attention to the evaluation of programme implementation. It was disturbed, however, at the possible costs of establishing a central evaluation unit. It was also essential to work out objective criteria for the proposed evaluation effort, which should be under constant review by the Governing Council. Finally, his delegation felt that if the proposed programme committee of the whole was established, it should play a purely subsidiary role without any possible influence on decisions of the Governing Council.

7. His delegation noted with concern that the central role of UNDP in the United Nations system of technical co-operation was being weakened by the tendency of some specialized agencies to establish and expand their own programmes of technical assistance. While efforts to increase the volume of technical assistance for developing countries were to be welcomed, competition for resources within the United Nations system might well hamper the effectiveness and quality of multilateral technical co-operation through unnecessary fragmentation, which led to duplication of effort and waste of resources.

8. His delegation recognized that the time had come to take an analytical look at the issues confronting the development process generally. Past decades of international co-operation for development had been a remarkable success, but for some time past multilateral technical co-operation had been in some danger. The reasons were numerous. His delegation believed, however, that the future of UNDP was closely connected with the full realization of the principles of the 1970 Consensus. The new dimensions "concept" adopted in 1975 and its new approach to project implementation were likewise important, particularly in view of UNDP's financial difficulties.

9. Mr. de La BARRE de NANTEUIL (France) said that, once again, his delegation found itself compelled to complain that the documentation for the session had not been distributed in good time in all the working languages. His delegation shared the Administrator's concern about that state of affairs and hoped that he would be able to propose suitable remedial measures to the Governing Council.

10. The Governing Council was at an important stage in its ongoing consideration of the problems of international technical co-operation. The Intersessional
Committee of the Whole had submitted its conclusions and suggestions, and both the Committee for Programme and Co-ordination and the Economic and Social Council would be dealing with the subject of operational activities at their forthcoming sessions. The current session should therefore be an action-oriented one. The 1976 financial crisis of UNDP had not shaken the confidence and conviction of the recipient and the donor countries, and there was no reason why the current difficulties should not likewise be overcome.

ii. With respect to UNDP resources, concern about the future should not lead to undue pessimism. The situation in 1983 was less disastrous than in the preceding years since the level of resources had slightly exceeded that of 1982 at current prices, indicating a slight reversal of the trend. For its part, France had considerably increased its contribution every year since 1980 and had also contributed in 1983 to the Special Measures Fund for Least Developed Countries. It would endeavour to maintain that pattern of contributions despite its budgetary difficulties.

12. The work of the Intersessional Committee on measures to improve the financial situation of UNDP had not been easy. However, it had been successful, and UNDP should soon reap the benefits. Apart from the Committee's conclusions on the negotiated replenishment of resources - which his delegation regarded as an unsatisfactory device and contrary to the interests of UNDP - and the reaffirmation of the over-ambitious growth target of 14 per cent, his delegation believed that two recommendations of the Intersessional Committee should be implemented on an experimental basis: the proposed system of multi-year indicative pledges and the proposed informal consultations prior to the pledging conferences. Similar informal consultations might be held prior to the beginning of each development cycle in order to provide guidance for the Governing Council before it made its decision on the volume of resources required, without calling into question the voluntary nature of contributions. The two new mechanisms proposed should help to ensure some predictability in UNDP resources and thereby restore some stability to the Programme.

13. There were, however, other possible short-term ways of alleviating UNDP's financial difficulties. Multi-bifinancing was one. It did not mean that a portion of general contributions was diverted to implement specific projects. Having bilateral resources made available to UNDP for specific projects was acceptable as long as that procedure remained within reasonable limits and the central role of UNDP was not affected. Cost-sharing arrangements likewise made resources go farther and their use by countries which could afford them increased the share of resources available for the poorest countries.

14. Monetary factors had played an important role in the decline of UNDP resources. Obviously, changes in exchange rates would again affect the dollar amount of contributions in 1983 and recent market trends were not encouraging in that regard. The idea of having contributions expressed in special drawing rights therefore remained topical. In addition, the thorny problem of non-convertible currencies should finally be discussed in practical and unemotional terms with the countries concerned making a real effort to produce a viable solution.
15. Finally, operational costs must be contained in order to free the maximum amount of resources for projects. In that connection, the Administrator should be encouraged to maintain the strict policy he was applying. However, the issue of the support costs of participating organizations was still to be resolved. A reduction from 13 per cent to 12 per cent in the rate was surely not over-ambitious in view of the fact that the rate used by the World Bank was 11 per cent. It was not too much to expect that in the prevailing climate of austerity the executing agencies should participate in the effort to reduce administrative costs and rationalize their management, as the UNDP administration had done. Similarly, when Governments that were recipients of UNDP assistance executed their own projects, it would be legitimate for UNDP to reimburse part of their support costs at a much lower rate, possibly 6 per cent.

16. UNDP's share of the overall volume of resources devoted to technical co-operation activities had dropped alarmingly in recent years. Its role as the central agency for all technical assistance efforts within the United Nations system must nevertheless be stressed, for only UNDP had an integrated approach to development. The dispersion of sources of financing for operational activities was responsible for the decline: the specialized agencies were steadily increasing the amount of technical assistance they supported with their own funds and there was a trend towards special funds outside UNDP which, if it became more pronounced, would impair the integration of development activities that country programming allowed. The idea of a financing system for science and technology with its own executive body, once firm links were established between the secretariat of the new system and UNDP, had won acceptance. Unfortunately, progress towards the introduction of a generally acceptable scheme now seemed to be blocked. His delegation hoped that the problems would be overcome and believed that future funding for science and technology would depend on whether it was possible to define a generally satisfactory system which retained the power to attract potential donors.

17. A hopeful development with regard to UNDP resources was the collaboration between UNDP and the World Bank in diversifying funding approaches for technical assistance. It was also important for UNDP to continue its preinvestment activities and not to abandon them for the sake of technical co-operation as such. His delegation was in favour of any steps to secure greater cost-effectiveness in UNDP assistance. A number of country programmes showed that the link between UNDP intervention and project execution could play a vital role in countries with limited absorptive capacity.

18. Turning to UNDP's operational activities, he said that UNDP should continue to emphasize food, energy and health care in its selection of sectoral priorities. It should not be too rigid, however, in its assessments of national needs, and should avoid attaching excessive importance to concentrated action in specific fields. Moreover, it should give priority to the least developed countries which had suffered disproportionately from across-the-board cuts in UNDP activities. With priority given to those countries, some developing countries with the means to do so might be induced to take over a part of the costs of UNDP programmes, as a number had already done.
19. The Intersessional Committee of the Whole had recommended the establishment of a programme committee which, in his delegation's view, should be in a position to consider the country programmes submitted to it in depth. For it to be able to do so, however, the documents dealing with programmes must provide detailed information and figures on UNDP-funded projects and those executed by other agencies of the system. His delegation saw no reason why information should not be supplied on bilateral programmes as well. Such an approach would in no way diminish the responsibilities of the recipient country for drawing up the programme and selecting priorities.

20. It would also be useful for the new committee to devote part of its time to individual sectoral and/or technical themes, and to establish a close link between programme consideration and evaluation exercises. His delegation wished to stress the importance it accorded to evaluation in development activities, and urged the Administrator to set up the central evaluation unit he had proposed despite the misgivings voiced in some quarters. He hoped that there would be a thorough discussion of the subject following the lines of the brief consideration within the Committee for Programme and Co-ordination. The evaluation report submitted to CBC, like the Administrator's comments, could provide a starting point for a fruitful discussion on both project execution and basic institutional problems such as the tripartite approach. Finally, the suggestions for future work on the evaluation of UNDP activities made in paragraph 10 of document DP/1983/16 were interesting and could be adopted.

21. Mr. ISAKSEN (Denmark) said that UNDP's problems and prospects must be seen in the context of the prevailing world-wide economic recession, which had imposed hardship and demands for difficult adjustments on all nations but hit the poorest of the developing countries hardest of all. The primary concern of many international meetings during the year, such as the economic summit of Western nations at Williamsburg, had been the prospects for economic recovery. The final declaration of the Williamsburg summit expressed confidence in the prospects for economic recovery and contained a special reference to the role of official development assistance for the poorer developing countries. That reference was important because the poorer developing countries would not benefit much in the short and medium term from the measures envisaged in the trade, financial and monetary fields, but would continue to depend crucially on external aid. His Government, aware of that fact and the special responsibilities of the developed countries in view of their greater economic strength, had decided to maintain its official development assistance well above the target of 0.7 per cent of GNP. The decision had not been arrived at without difficulty: development aid was the only major item in the national budget that had not undergone painful reductions. It was to be hoped that more donor countries would find it possible to reach the 0.7 per cent target within the time frame set by the International Development Strategy, not only because of the evident need but because, in the long term, such renewed efforts by other donors would be important for his own country's ability to sustain its existing level of official development assistance.
22. Developments and experiences in the previous decade had made it necessary for UNDP to adapt, and UNDP in 1983 was in many respects different from what had been envisaged in 1970. One important development that had changed the role of UNDP was the sharp decline in the programme's share in the financing of multilateral technical co-operation activities, owing to the growth of technical co-operation undertaken by the World Bank and the increasing amounts of extrabudgetary resources made available to the specialized agencies and new special funds. Many explanations could be offered for why the resources were not going to UNDP: requests from developing countries for special funds, which were believed - often wrongly - to attract additional resources; the wish of many donors to influence policy priorities or to be more clearly identified as supporting specific sectors or activities; and the ambitions of many executing agencies. Burden-sharing was another element as far as his country was concerned. Between 1972 and 1976 his country's contribution to UNDP had represented close to 10 per cent of all the programme's resources. Such a proportion might be logical and right in the initial phase of a truly global programme, but it was difficult to defend politically in the long term when his country's GNP was only a modest fraction of the combined GNP of UNDP donors.

23. Since the previous session of the Governing Council the future role of UNDP had been carefully analysed in the Intersessional Committee of the Whole, whose recommendations to the Governing Council, far from being revolutionary, were rather modest. Although in some areas, such as strengthening the Council's role in programme matters, his delegation would have preferred stronger recommendations, it believed that the moderate line taken by the Intersessional Committee was, in general, a wise and realistic one: what was needed to make UNDP a more effective development organization was not so much radical change as adjustments. Success in that direction would help the programme to attract the resources necessary for it to do its job adequately. The recommendations of the Intersessional Committee laid the groundwork for the adjustments required. His delegation supported them and hoped they would be endorsed by the Council at the current session.

24. If implemented, the recommendation on longer-term financing would lead to a more predictable, continuous and assured supply of resources. It could also be expected to induce more Governments to subscribe to multiyear pledging. The problem of sharing the burden among donors more equitably, however, remained. His delegation hoped that the two sets of informal consultations agreed upon in the Intersessional Committee would increase the number of significant contributions to UNDP and promote a more equitable pattern of contributions. The recommendations on improving the working of the Governing Council might produce results, although his delegation would have liked to see more far-reaching decisions taken on the issue. In the public debate on development aid in his country, it had been argued that there was a lack of insight in the planning, implementation and evaluation of the UNDP field programme. His delegation therefore welcomed the proposal to set up a programme committee, and the proposals for strengthening the Council's role in programme matters. The strengthening of the evaluation function was another element in the general improvement of UNDP. The report on evaluation (DP/1983/ICW/6) contained important suggestions for improvements, which should be taken up and fully discussed by the Council. A credible demonstration of progress in the project system could do much to improve UNDP's image and increase donor support.
25. In order to make UNDP more visible as a part of the United Nations, UNDP should consider publishing an annual report like those issued by the World Bank and other institutions. The documentation prepared for the annual meetings of the Governing Council would provide a solid basis for such a report, which could also improve UNDP's image.

26. His delegation felt that non-core funding to support UNDP should be kept at a modest level and represent only a marginal part of total UNDP resources. Voluntary contributions to general resources must be kept as the central feature of the Programme in order to preserve UNDP's multilateral and multisectoral character.

27. A distinctive feature of his country's aid policy for many years had been the high proportion of official development assistance channelled through multilateral institutions, a substantial part of which went to UNDP. Four years earlier the Government had decided to freeze its yearly contribution to UNDP. After a general debate in Parliament early in 1983 it had decided to lift the freeze, and accordingly its contribution to UNDP would increase again from 1984 onwards. The extent of the increase would be determined at the end of the year, when Parliament decided on aid appropriations for 1984. There were three reasons for the resumption: first, given UNDP's present serious financial situation, the Government believed it was important to respond to the appeal for more resources; second, the increase was intended to be a sign of confidence in UNDP which, it was hoped, would encourage efforts to make UNDP a more effective and dynamic body; and, third, it was hoped that an increased contribution from a major donor would stimulate a new flow of resources to UNDP from existing and potential donors. He trusted that his Government's hopes would not be disappointed.

OTHER MATTERS

28. Mr. Brown (Deputy Administrator), responding to comments on the availability of documentation, said that there was a division of function between UNDP and the United Nations Secretariat with regard to the preparation and translation of documents. For a number of reasons a backlog of work had accumulated in the Department of Conference Services, making it necessary to give priority to documents needed for meetings that were imminent. Documents for the Governing Council had therefore been put aside until the Council was almost ready to meet. It was generally recognized that that was an inefficient way of proceeding, and informal discussions had been suggested between the parties concerned to see what could be done to remedy the situation. He assumed that the officers of the Council would take the matter up and suggest a time and venue for such informal consultations.

The meeting rose at 4.40 p.m.